Strategic Management
Lecture Notes for Sessions 11 to 20

Session 11 - Strategic Planning

Strategic Planning is one of the key steps in strategy formulation. Organizations plan for launching new products, entering new markets, cutting costs, acquiring other companies and so on. All these decisions require a comprehensive planning process.
Strategic planning begins by:

1. External environmental scanning: market analysis, trends and competitor analysis
2. Internal Analysis: Resources and Capabilities, Mission, vision and values, Operational and management systems, Organizational culture, market and product analysis

3. Bringing a fit between the external environment and the internal analysis to check if it is a feasible strategy

4. Strategic Planning- Goals, Strategy Mission, Core strategy, objectives and key result areas (KRAs)

5. Budgeting and other operational decisions

6. Reviewing performance

7. Feedback and course corrections

Logical Incrementation

During 1978, a researcher, Quinn, conducted a study among organizations and concluded that most companies do not make mong term plans. He mentioned that strategies evolved in an incremental way. At the same time he explained that these strategies were objective and logical and not a random reaction. Quinn termed such a strategy as Logical Incrementalism.
This approach helps managers reduce risk in strategic decisions and focus on the short term. In industries that are constantly affected by dynamic in the environment, logical incrementation helps achieve firm's goals.

Learning Organization

The term 'learning organization' refers to an environment created in an organization for learning aligned with its goals. In such organizations, a system is established for its employees to share their learning, thus enabling to foster new ideas and nurture innovations. This concept was put forth by Peter Senge and he further states that the success of a learning organization depends on the five dimensions of Systems thinking, personal mastery, mental models, team learning and building a shared vision.

Leadership has a significant role to play in establishing learning organizations. Leader is required to design the structure and guiding principles of a learning organization. A leader is also supposed to coach and lead the team towards seeking the benefits from a learning organization.

Strategic Leadership

While strategic planning helps in creating a path to successful achievement of goals, it is strategic leadership that drives the organization to tread on this path. Strategic leadership requires the manager to eloquently present the vision and motivate the team to acquire this vision. Strategic leaders create a structure, allocate resources and monitor performance periodically. A few traits of such leaders are listed below.

- Vision, eloquence, and consistency
- Commitment
- Being well informed
- Willingness to delegate and empower
- The astute use of power
- Emotional intelligence
    - Self-awareness
    - Self-regulation
    - Motivation
    - Empathy
    - Social skills

Session 12 - Intended, Emergent and Realized Strategies

While strategic planning offers a clear path to organizational success, in a dynamic environment it is seldom achievable. In stable industries strategic planning may help in achieving the set goals. But in reality changes in industry, government policies, customer preferences, crisis, internal processes and even leadership may result in goals being unmet. In such instances, companies evolve strategies to sustain and steer the company forward. In this context it would be important to understand the concepts of intended, emergent, realised, deliberate and non-realized strategies.

Intended Strategy

As the name itself suggests, intended strategy is planned and details the intentions of the company. It clearly sets goalposts as part of its strategic plan. Like for instance, before Titan Watches was incorporated in 1984, the company studied the watch market in India. It offered a digital watch that also had aesthetic features to a market that was dominated by HMT watches and large gray market. Only after this market study and an unchartered market was revealed, Titan started its operations and began its commercial operations in 1986.

Emergent Strategy

While the company expects to implement its plans, it may not take effect. There could be several situations of a global crisis, changes in policies, leadership issues, new opportunities and several others that could alter the plans. The company is forced to rework on the existing plans. This results in an emergent strategy. Again taking the example from the Tata Sons, Tata Nano was supposed to be launched as a people's car and one lakh car. However, when it was launched very few early customers could buy it for one lakh. Over the years

because of cost escalations Nano is priced higher. As a result, Nano had to be repositioned a car for the young living in the cities.

Realized Strategy

A realized strategy is the actual strategy that a firm implements and follows. It could emerge from the firm's intended strategy, or even from an emergent strategy. That part of intended strategy which is not followed and abandoned is known as non-realized strategy.

Strategic Drift

Strategic drift is a slow degradation of competitive action. This results in the failure of the organization to respond to changes in the environment. Usually strategic drift is the result of the organizational teams' inability to think innovative, lack of focus and resistance to change. In other words, strategy pursued by an organization is no longer successful and is obsolete for the existing external conditions. This results in lack of performance. It also means a decline in competitive advantage arising out of inertia.

Organizations and their ability to achieve superior profits are influenced by organizational culture, structure, leadership, routines and processes, internal controls and strategic drive. The absence of these, results in strategic drift.

Causes of Strategic Drift

1. Cognitive Mapping
   Cognitive mapping is created through mental maps of concepts to visualize and compile information. Decisions are taken based on these mental maps which directly influence strategy formulation and absorb industry changes. Cognitive maps are based on logical thinking and intuitive thinking. While intuitive thinking offers multiple options, logical thinking limits these options. Organizations lacking intuitive thinking increasingly depend on logical thinking resulting in a status quo.

2. Culture
   An organizational culture that favours current performance and its sustenance does not provide an opportunity for innovation and new thinking.

Overcoming strategic drift requires a new thinking in the organizations. However steps can be initiated to avoid strategic drift. It can be avoided by developing a system that can issue a warning signal, developing resilience and increasing flexibility.

The success of a diversified portfolio business is largely dependent on the management style of the corporate headquarters or parent. As organizations seek growth they hold a diversified portfolio of SBUs. A parent simply cannot provide finance to its SBUs. The parent is also responsible for costs incurred to manage the subsidiaries. In order to justify its role the corporate headquarters needs to offer parenting proposition to add value to its subsidiaries. These propositions are:

1. Build propositions: the parent headquarters can help its strategic business units (SBUs) to expand and diversify more effectively
2. Stretch proposition: the parent helps SBUs to improve profits through cost and quality improvements
3. Link propositions: the parent helps the SBUs to identify areas of synergy that ca be achieved or resources that can be centralized
4. Leverage propositions: the parent helps in detecting and valuing businesses that can add value to the SBUs

Parenting Styles

The following figure shows the parenting styles based on the parent's influence on inter-SBU relations and the parent's input on strategic decision-making.

Parent's input into strategic decision-making	**HIGH**			Strategic Planning
	MEDIUM	Strategic Control	Co-evolution	Corporate Flexibility
	LOW	Financial Control		
		LOW	**MEDIUM**	**HIGH**
	Parental influence on inter-SBU relations			

A. Financial Control: Parent adds value primarily through stretch propositions
B. Strategic Planning: Parent actively takes interest in setting up strategy for all its SBUs. Parent monitors the business level strategies and provide advice to the SBUs
C. Corporate Flexibility: This style of parenting is a proactive role to ensure that new and long-term opportunities are not missed by the SBUs
D. Co-evolution: Co-evolution is a parenting style like corporate flexibility. SBU managers are given the freedom to choose their own strategies and perform. A degree of competition is encouraged between the various SBUs

Another interpretation of the corporate parenting roles are:

A. The Portfolio Manager
   The corporate parent acts on behalf of financial markets and stakeholders to help in improving the value of its SBUs

B. The Restructurers

Corporate parent helps in identifying restructuring opportunities for the SBUs and helps in improving performance of the business units.

C. The Synergy Manager
The corporate parent helps in identifying and leveraging synergies between the business units

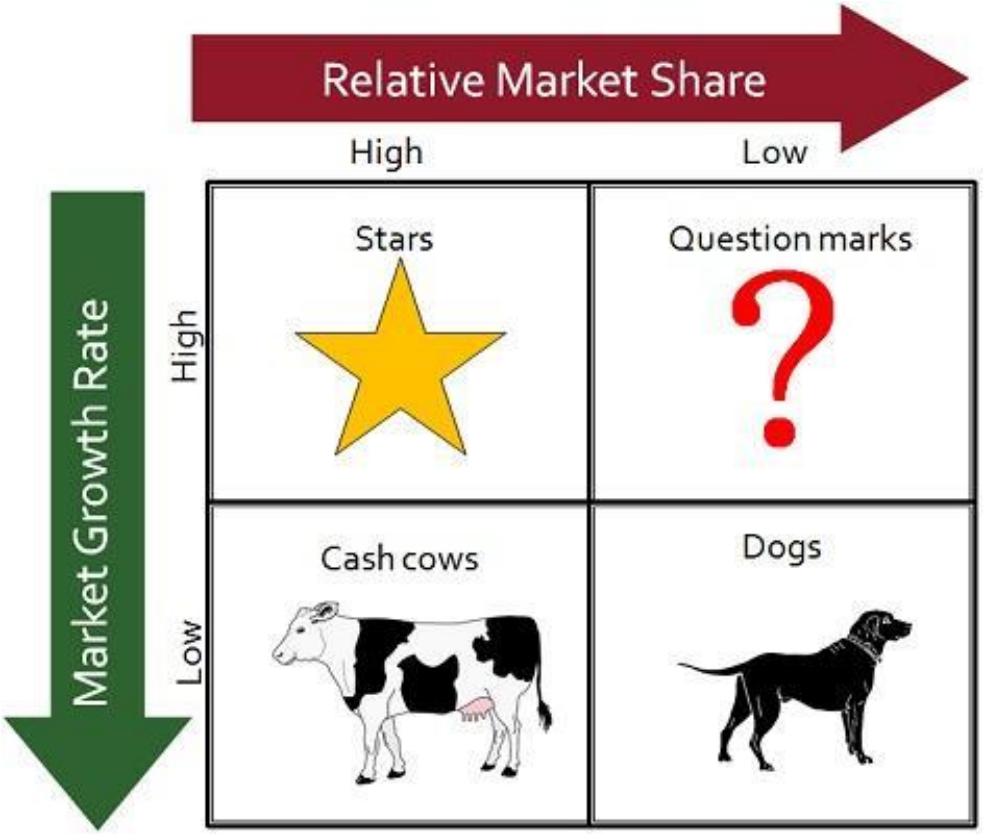
D. The Parental Developer
The corporate parent seeks to employ its own competencies to develop the value of its SBUs

Session 14 - Growth Matrices

When organizations grow and offer multiple products and services under many business units, decision making becomes complex. The parent company or the corporate team has to take decisions to invest, grow or divest the business. Such decisions are made by using frameworks such as the BCG Growth Share Matrix and the GE-McKinsey Nine Cell Matrix.

BCG Growth Share Matrix

The Boston Consulting Group (BCG) created the Growth Share Matrix in 1968. The framework became popular and was used by half of the Fortune 500 companies. The Growth Share Matrix is a portfolio management tool that allows companies to prioritize the different business units. The BCG matrix has four categories as displayed in the figure below.

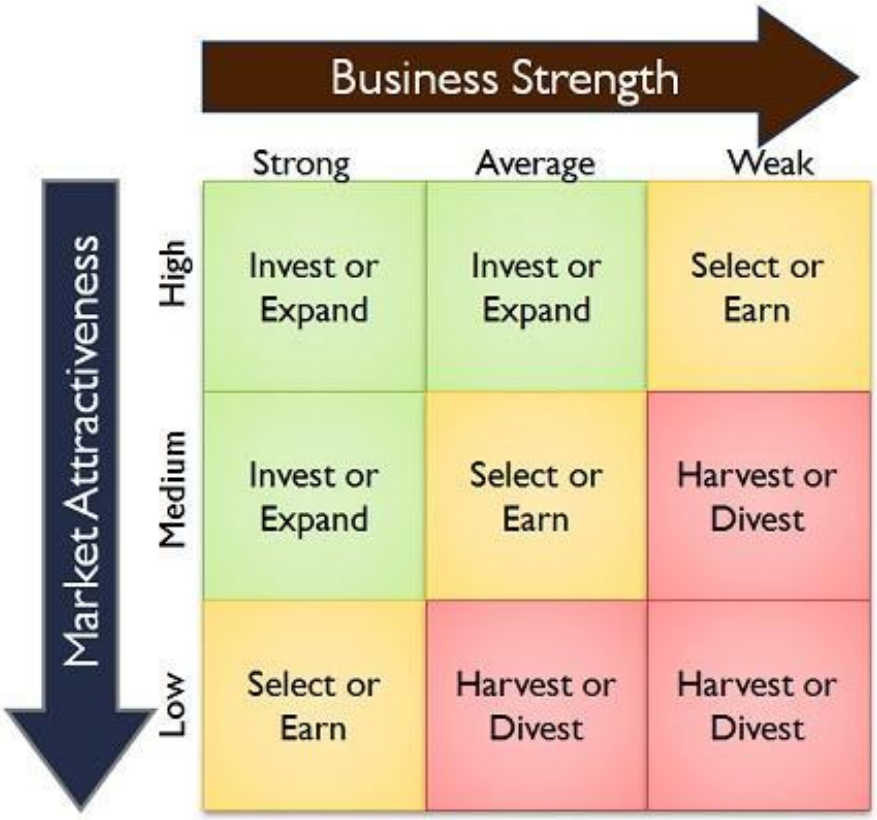


The matrix is a four quadrant grid that has relative market share on the horizontal and market growth rate on the vertical. Relative market share is the ratio of the business unit's market share to the market share of the largest competitor. Market growth rate, simply put, is the industry growth rate to which the business units belong.

When a conglomerate launches a new business, it usually does in a high growth market. Such businesses struggle with low market share in the beginning though they are in a high growth market and they are the Question Marks. Over time these companies ride on the growth curve of the industry and acquire high growth and market share. Such businesses are termed as Stars. When the market growth stagnates, these Stars would possibly be top leaders in the industry and not just boast a significant market share but also margins, thus becoming Cash Cows. These Cash Cows can in turn support the launch of new Question Marks and also invest in Stars. However as the industry growth further declines businesses that continue to remain in the industry become the Dogs. Dogs are in a low growth market and at the same time hardly have customers. The parent company must divest the Dogs before they become a liability to the company.

GE-McKinsey Matrix

During the 20th century, as many companies became huge conglomerates with multiple business units, it became imperative to prioritize investments. In the early 1970s, the GE-McKinsey Nine Box Matrix emerged as a tool to manage a number of business units profitably.

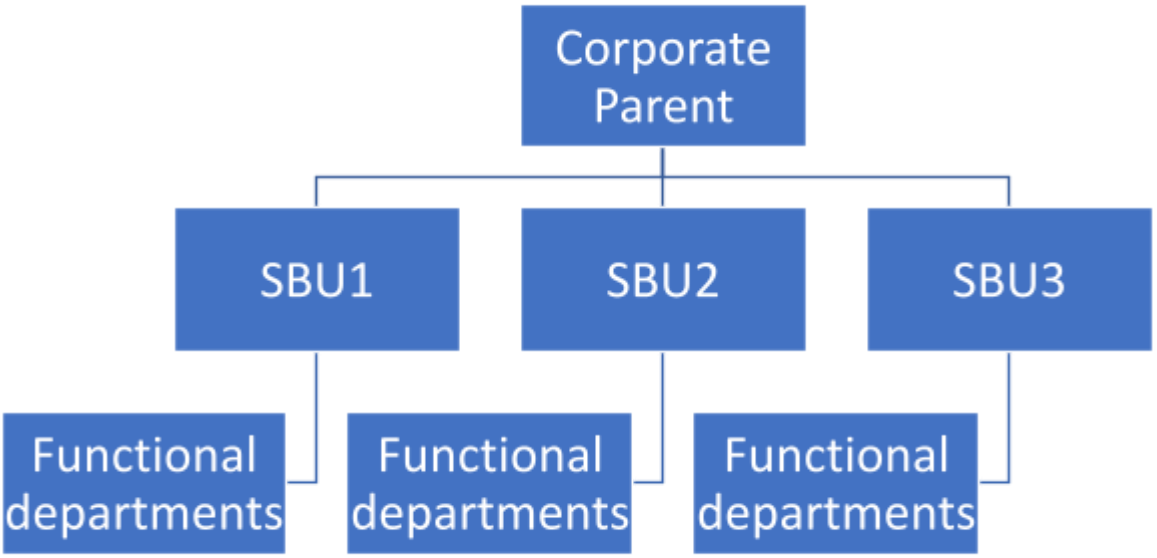


The nine box matrix is an approach to help conglomerates to determine the business unit for further investment and growth. This is done by considering the industry attractiveness on the vertical side and business strength or competitive position on the horizontal side. These scales are further broken into sub-scales of low, medium and high and strong, average and weak for business strength. Business units that fall in High-Strong, High-Average and Medium-Strong are businesses that are promising and the conglomerate can invest and grow these businesses.

Further, business units that fall in the quadrants, High-Weak, Medium-Average and Low-Strong require selective investment and the quadrants below this diagonal are best liquidated or harvest for maximum cash before divesting them. Thus the GE-McKinsey Matrix allows conglomerates to decisions of investment/divestment judiciously in business units.

Session 15 - Strategic Business Unit

Organizations have to take decisions to identify strategic options to win in the market. To do so organizations use frameworks at corporate level and business level. Such organizations are multi-business in nature.



Strategies are made at the corporate and the SBU level. Strategic Business Unit (SBU) is a distinct unit that supplies goods and services to a certain customer segment. They are also called as profit centres. SBU is an independent unit with profit and loss responsibility managed by the corporate parent. SBUs also expand across markets and countries. Challenges of expansion and scope determine the kind of expansion. Another challenge of an SBU is also how it can add value to the corporate parent. This is largely understood through

portfolio frameworks such as BSG and GE-McKinsey matrix explained in the previous session.

A corporate parent plays many roles such as portfolio manager, synergy manager and parental developer. As a portfolio manager, the parent company manages the SBUs and keeps a track of their performance. Crucial decisions whether to invest or not is an outcome of this role. As a synergy manager, the parent company builds synergy among the various SBUs. Such synergies help in reducing costs and cross-selling. When a parent company plays the role of a parental developer, it focuses on building the capabilities of the SBUs.

Difference between BCG and GE Matrices

While both BCG and GE matrices help the corporate parent to take crucial decisions for the future growth of the SBUs, it is also a good idea to compare the two.

BCG is a four-cell matrix which considers growth-share of the SBUs. It is based on factors of Market Growth and Relative Market Share. The primary goal is to help companies to allocate resources to various business units.

GE Matrix helps firms to make strategic choices for product lines or business units based on their position in the nine cell grid. The matrix is based on the factors of industry attractiveness and business strength.

In conclusion, BCG matrix in simpler but both the matrices are useful is portfolio management either to deploy resources or make critical decisions of investment.

Session 16 - Corporate-level strategies of Integration and Diversification

Strategies that firms use to diversify their operations from a single business in a single market into several products-markets and eventually businesses are known as corporate level strategies. These strategies help in gaining a competitive advantage by selecting and managing multiple businesses. Corporate-level strategy addresses two key issues:

- in what product markets and business the firms should compete and
- how the parent or corporate headquarters must manage these businesses

Quite often organizations seek growth either through diversification or integration or even both. The sections below explain the differences between diversification and integration, its types and reasons to pursue these strategies.

Diversification

A diversification strategy is used to increase the firm's value by improving its overall performance. The diversification strategy is the company's decision to enter into new industries.

Following are the reasons for diversification:

1. Value-creating Diversification
    A. Economies of Scope (related diversification)

        a. Sharing activities
        b. Transferring core competencies
    B. Market power (related diversification)
        a. Blocking competitors through multipoint competition
        b. Vertical integration
    C. Financial economies (unrelated diversification)
        a. Efficient internal capital allocation
        b. Business restructuring

2. Value-neutral Diversification
    a. Antitrust regulation
    b. Tax laws
    c. Low performance
    d. Uncertain future cash flows
    e. Risk reduction for firm
    f. Tangible resources
    g. Intangible resources

3. Value-reducing Diversification
    a. Diversifying managerial employment risk
    b. Increasing managerial compensation

There are two types of diversification: related and unrelated diversification. **Related diversification** is the company's decision to enter into an industry related to its existing business activity. The company derives benefits by acquiring synergies between the value chain activities. It not just helps in leveraging competencies, sharing resources and even bundling products. For example, a dairy unit selling milk, yoghurt and other dairy products entering the market for chocolates.

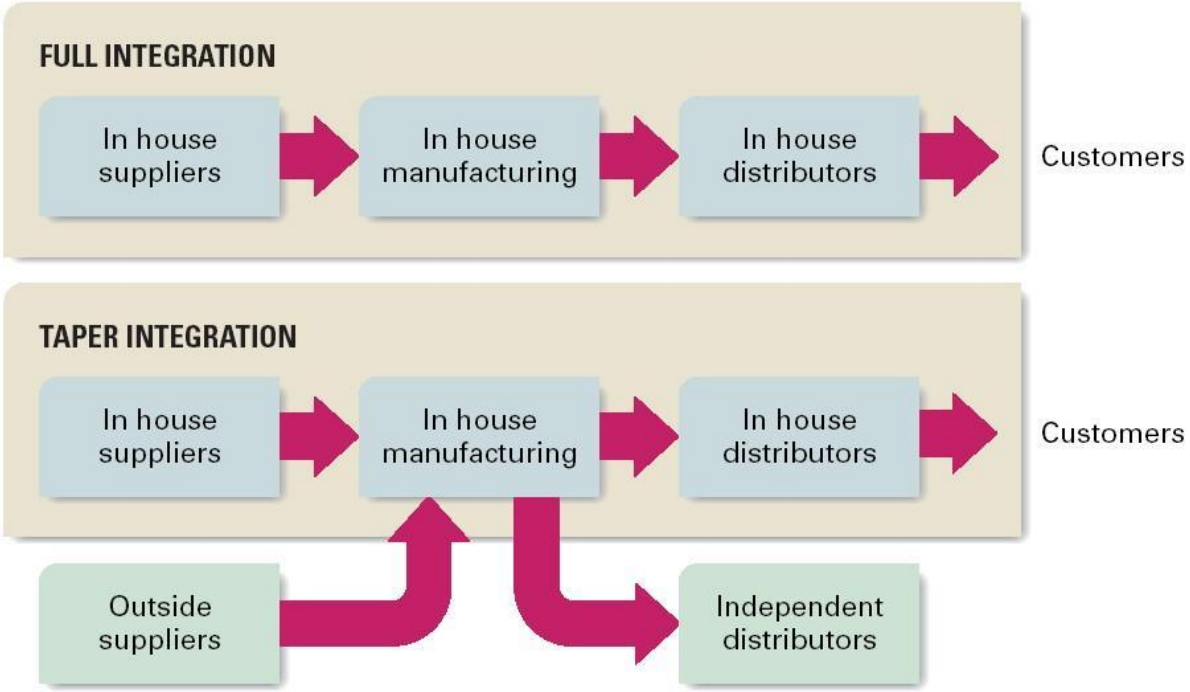
Unrelated diversification is when a company enters an industry that has no link with its existing business activity. Such companies use organizational competencies to increase the competitive advantage and profitability. For instance, Tata Sons launching Titan, Vistara, Taneira, Tata Motors and several others and thus enhancing its competitive advantage.

Diversification does not necessarily mean companies developing internally the various ventures. A diversification strategy can also be implemented using acquisitions and joint ventures.

Integration

To improve a company's competitive advantage and profitability companies engage in strategies to further strengthen their position in the industry. **Horizontal integration** is a process of acquiring or merging with the competitors. This helps in achieving competitive advantages that arise out of large scale and scope. This also allows the company to focus on its resources and capabilities to compete in a single industry. On the other hand, **Vertical Integration** helps a company to expand its operations backwards and forwards. So **forward integration** is when a company expands to distribute and sell its products. **Backward Integration** helps the company to expand its operation to manufacture its own supplies or inputs. **Full integration** includes both horizontal and vertical integration, while **taper**

integration is when company employs backward and forward integration and also depends on suppliers and distributors.



An alternative to vertical integration is cooperative relationships such as **strategic alliances** that are long-term agreements that help companies jointly produce new products or share manufacturing, distribution and marketing facilities.

Some companies realise that not all activities of value creation are rewarding. Hence these activities known as non-core or downstream activities are outsourced. And the company focuses on only core and upstream activities. For instance, in India most automobile companies outsource the selling of their vehicles through authorized dealer. This helps the companies to focus on product design and manufacturing.

Session 17 - International Market Selection

When companies choose to enter international markets, there are reasons that are either related to market, strategic capabilities or economic benefits.

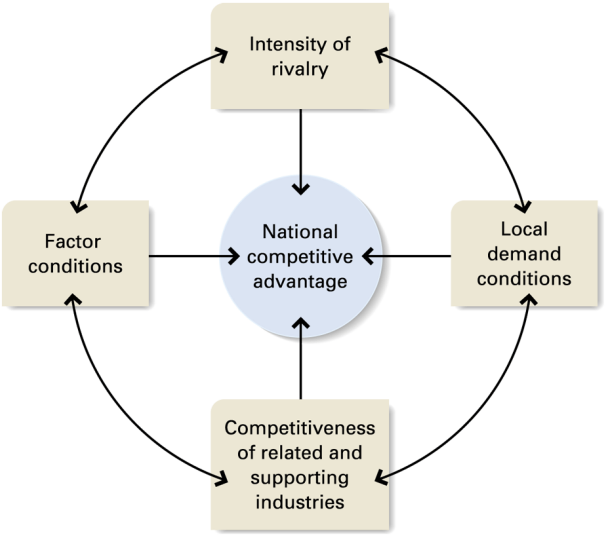
1. Market-based reasons: Companies are usually driven to international markets because of globalization and their competitors are entering foreign markets. Companies might also find customers in foreign markets. Sometimes the companies face saturated or a decline in demand in their domestic markets.
2. Utilize Strategic Capabilities: Companies could also seek international markets to enhance knowledge or broaden market size. It is also possible that companies seek to internationalize value adding activities.

3. Economic Benefits: Companies by going international seek economies of scale, and stabilization of earnings across markets.

Selecting International Markets

While it is important to understand marketing environment, resources available, business framework in the foreign country, analysis of competition and supporting facilities, there is no strategy that guarantees success. For instance, Wal-Mart that has successfully entered markets such Canada, Mexico, Japan and several other countries had to exit the market in Germany.

Michael Porter offers a framework that explains the factors to consider while entering foreign markets. This framework known as the Diamond Model helps managers to identify global competitors, locate global resources and assess the ease of entering foreign markets.



According to Porter, companies are most likely to succeed in industries in which the four attributes shown in the above diagram are favorable. He further explains that the attributes form a mutually reinforcing system. The effect of one attribute is dependent on the state of the others.

<u>International Strategies</u>

There are two basic types of international strategies:
- Business-level international strategy
- Corporate-level international strategy

Both the strategies must utilize a core competence based on resources and capabilities to create competitive advantage.

A. International Business-level Strategy
   In this strategy the home country of operation is the most important source of competitive advantage. The resources and capabilities established in the home country helps in pursuing successful strategies in other countries.

B. International Corporate-level Strategy
This strategy focuses on the firm's ability through both product and geographic diversification. This strategy is required when the firm operates in multiple industries and multiple geographies.

The three international corporate-level strategies are

a. Multi-domestic strategy
b. Global strategy
c. Transnational strategy

Multi-domestic Strategy

This is an international strategy in which strategic and operating decisions ae decentralized to the SBU in each geographic area. This gives the freedom to offer products suited for local market needs.

Global Strategy

This strategy is centralized ad controlled by the home or parent office. The parent tries to achieve integration across the various SBUs operating in different countries. Through this strategy, standardized products are offered across country markets. The parent designs the competitive strategy for the SBUs.

Transnational Strategy

Transnational strategy is an international strategy that seeks to achieve global efficiency and local responsiveness. While this strategy is challenging to implement, it is important to compete in global markets.

Following is the table that explains briefly the types of global market entry.

Type of Entry	Characteristics
Exporting	High cost, low control
Licensing	Low cost, low risk, little control, low returns
Strategic Alliances	Shared costs, shared resources, shared risks, problems of integration
Acquisition	Quick access to new market, high cost, complex negotiations, problems of merging with domestic operations
New wholly owned subsidiary	Complex, often costly, time consuming, high risk, maximum control, potential above-average returns

Session 18 - Porter's Model of Generic Strategies for Sustainable Competitive Advantage

For new businesses especially entering established markets, it is very important to find a competitive advantage. To begin with what is competitive advantage? When a company employs certain strategies to achieve profitability greater than the average of all other companies in the industry, then the company is said to have competitive advantage. Now what are these strategies? Michael Porter suggests that all companies either focus on cost leadership or differentiation to gain competitive advantage.

Cost leadership strategies are those that are employed by companies to keep their costs low and thus pass the advantage to customers in the form of low prices. On the other differentiation is achieved by offering above average value in the form of quality products, services, distribution and others by charging a premium. Once a company chooses which strategy to adopt, it also needs to sustain the competitive advantage by ensuring it offers profits in the years to come.

The above strategies are called generic as they can be applied to a broad range of businesses. Porter explains the strategies of cost leadership and differentiation against the scope of its business activities. So, companies might offer their products and services to a broad market or to a narrow market (single customer group). So is a company is targeting a narrow market, it may adopt a focused cost leadership or a focused differentiation strategy.

The following generic strategies as suggested by Porter are:

1. Cost Leadership
   Lowest cost structure vis-à-vis competitors allowing price flexibility and higher profitability. The best way to achieve this goal is to mass produce, mass distribute and mass sell and take advantage of the scale economies. Companies that choose to be cost leaders offer products with very little differentiation. Such companies will align their functional units towards cost reduction.
2. Differentiation
   This strategy suggests features important to customers and distinct from competitors that allow premium pricing. This strategy enables a company to offer differentiated product to wide segment of market. Companies focus on product features, quality, branding, selective distribution and brand building promotion to gain the competitive

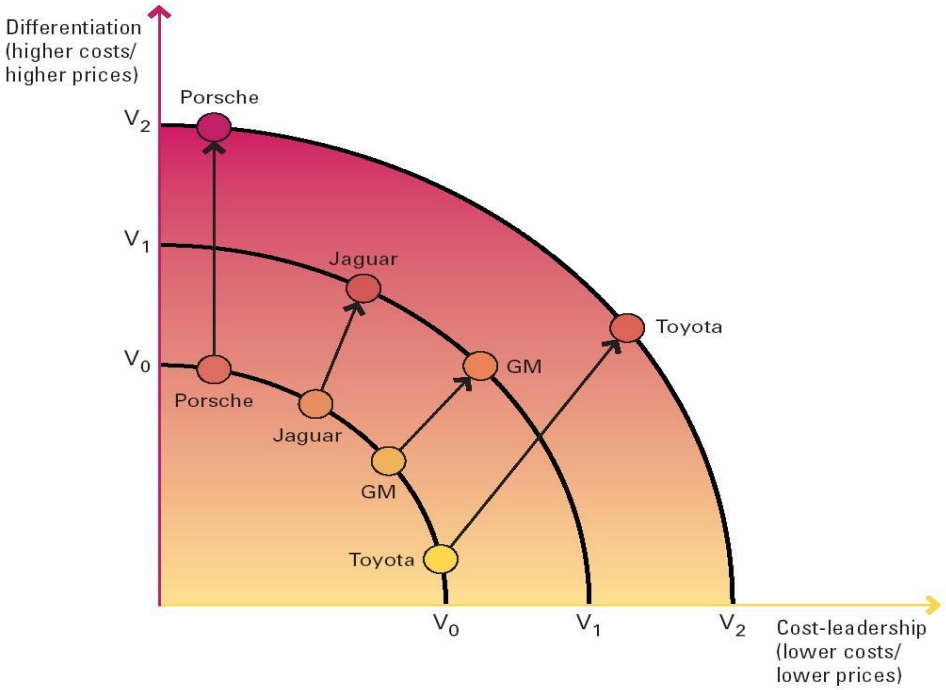
advantage of differentiation. Consumer electronics companies like Sony and Samsung offer differentiated products to broad market to gain competitive advantage.

3. Focused Cost Leadership/Cost Focus
   Cost leadership in selected market niches where it has a local or unique cost advantage. Here the company will focus on cost reduction strategies in a single market.
4. Focused Differentiation/Differentiation Focus
   Distinctiveness in selected market niches where it better meets the needs of customers than the broad differentiators. Here the company's aim is to differentiate within a single segment. The products could be based on special needs of the customers. For instance, Dilip Chabbria, the Pune-based entrepreneur redesigns cars and van to a select clientele like movie starts, industrial tycoons and politicians.

Session 19 - Hybrid Strategy

In the previous section, we understood how organizations attain competitive edge through generic strategies. However, companies that focus on cost leadership over time might offer products based on specific requirements of customers and move towards offering differentiated products. Similarly, companies that begin by focusing on differentiation might need to cut costs over a period of time and hence follow cost leadership strategies. Such companies that follow both cost leadership and differentiation strategies are said to be adopting a hybrid strategy.

The above diagram describes how Toyota began its operations by focusing on cost leadership. However, with the launch of Lexus, Toyota entered into a premium segment and followed a hybrid strategy.



Ansoff's Matrix

Companies are often in a dilemma if they have to focus on their current markets or enter new markets or launch new products. Ansoff's matrix is one such tool that helps take such decisions. This model helps businesses determine if they should focus on a product strategy or a market strategy or both. Following diagram gives an understanding of the Ansoff's Matrix.

The above matrix is a four-cell quadrant that has Current and New Products on the horizontal axis and Current and New Markets on the vertical scale. You must also understand that as the companies move from current products/markets to new products/markets, they face a high-risk decision.

Market Penetration Strategies

Typically, when companies enter a market they seek to achieve market share. When a company focuses on reaching out to deeper market pockets and acquires as many customers as possible, it is trying to penetrate into the market. Other methods of penetration are to increase distribution, increase frequency of purchase and product usage and suggest new applications of existing products.

In this case, companies refrain from investing in a new product or market, but focus on the existing product in a familiar market.

Market Development Strategies

This is growth strategy that businesses seek when they enter new market with their existing/current products. This usually happens when the current market has saturated and the company has to acquire new customers. Sometimes a company as part of its strategic plan expands into new markets to establish its leadership position or seek advantages of economies of scale.

Market development is possible when a company enters into a new market with its existing products. These new markets could be geographic or even new demographic segments. Like for instance when Krispy Kreme USA entered the Indian market and established outlets across the major metros. Similarly, when Horlicks slightly modified its product to launch for kids, women and seniors, it was entering new demographic segments.

Market development is also possible when a company uses new distribution channels to reach out uncaptured market segments. A retail store launching an e-commerce website can be an example for market development. Similarly, a company could use different pricing policies to attract different customers.

Product Development Strategies

Once a company has understood its existing product, its technology, understood insights on the product and gained enough expertise on the product, it ventures into launching a new product in its familiar product. Such an approach is called product development. For instance, Apple has been continuously launching its products in their familiar markets. However significant improvements in products and product line extensions (Lux Soap launching Lux Shower Gel) are also considered product development strategies.

Diversification Strategies

Companies after gaining enough expertise in products and experience in markets might be ambitious to launch a new line of business that offers products in new markets. Such an approach is called diversification. This is a high-risk strategy and hence an objective assessment of resources and capabilities, risks, opportunities and future growth must be examined before a diversification venture. Examples: Several conglomerates like Tata Sons, Godrej Industries, Mahindra and others have a diversified portfolio of companies.

Session 20 - TOWS Matrix

You are familiar with the SWOT analysis that presents a picture of the company's current strengths and weaknesses and an analysis of its external opportunities and threats. Most often, one is advised to capitalize on strengths, work on weaknesses, and make use of opportunities. However, in the context of a company that has to take further directions, how does SWOT help in identifying strategic options? This is better explained using the TOWS matrix.

So the first step is to develop the SWOT for the company.

Strengths	**Weaknesses**
Opportunities	**Threats**

TOWS	**Strengths**	**Weaknesses**
Opportunities	Strategies that use strengths to benefit from opportunities	Strategies that use opportunities to minimise weaknesses
Threats	Strategies that use strengths to minimise the threats	Strategies that minimize weaknesses and avoid threats

Here is an example of a TOWS Matrix for Dell Computers

TOWS MATRIX

	Strengths	Weaknesses
	1. Direct sales business model & Online sales. 2. Product customisation. 3. Supply chain management (SCM). 4. Inorganic growth structure. 5. B2B sales. 6. Providing good customer service both before and after the sales. 7. Brand name & global presence. 8. Leadership & Management & Privatisation. 9. Diverse product portfolio. 10. Relatively large market share. 11. Partnerships (Microsoft)	1. Low R&D spending on PCs. a. Lack of competitive edge & product innovation. 2. Leadership & Management. 3. Financial debt. 4. Dell's sales revenue from educational institutions such as colleges and universities only accounts for a merely 5% of the total PC sales. 5. Customers cannot go to retailers because Dell has very limited retailers. Buyers cannot physically touch or see the tangible product they want to purchase.
Opportunities	**Strengths – Opportunities**	**Weakness- Opportunities**
1. The growth of developing economies a. Brazil, Russia, India, China. 2. Growth in online sales. 3. Development of new technologies a. Cloud storage b. Tablets c. Mobile Phones d. Business Servers	▸ Strategies to enter/ develop the growing number of developing economies. *(S1,S3,S4,S5,S7,O1)* ▸ Utilise Dell's customisation ability and integrate into all possible products. *(S1,S6,S9)* ▸ Using a strong brand name and global presence, Dell has the ability to continue to develop their product portfolios. *(S7,O3)*	▸ Increase R&D spending on PC development & other product portfolio. *(W1,O3)* ▸ Continue to reduce costs and increase sales, by continuing to implement their online platform. With an increase in online retail, Dell could continue to increase their sales, whilst operating a more cost effective online strategy. *(W3,O2)* ▸ However, to overcome the issues of no retailers, Dell could implement a few more retailers in developing markets, overcoming the issues of consumers buying without seeing a tangible item. (W5, O1)
Threats	**Strengths – Threats**	**Weakness – Threats**
1. Patents, copyrights, design. 2. Financial Recession. a. Dot Com Crash. 3. Online dependence. 4. Industry life cycle 5. Competition.	▸ Use previously adopted inorganic growth to expand, taking over possible competition and/or acquiring firms in different industries. *(S4,T4,T5)* ▸ Using the strong brand image and partnership with Microsoft to develop tablet portfolio and other I.T products such as servers. *(S7,S11,T4,T5)*	▸ Review their pricing strategy against competition, gaining competitive advantage. (W3,T4,T5) ▸ Target educational institutions, building a larger client base and gaining a large market share.