Rohini Engineering College and Technology Palkulam Unit III - Strategies

Who are stakeholders?

As commerce became more complicated and dynamic, organizations realized they needed more guidance to ensure their dealings supported the common good and did not harm others -- and so business ethics was born. In a survey done by MORI survey 66% of those polled said industry and commerce do not pay enough attention to their social responsibilities. In a poll in Guardian newspaper in November 1996, business leaders came only twelfth out of twenty possible moral role models which people should **―try to follow‖**. However, the scandals of Enron and other organizations have shaken the faith of people in organization‗s ethical behaviour. Primary social

Stakeholders

1) Local communities

2) Suppliers and Business Partners

3) Customers

4) Investors

Employees and Managers Primary non social stakeholders

1) the natural environment

2) Non human species

Future Generations Secondary Social Stakeholders

1) Government and Civil Society
2) Social and third world pressure groups and unions
3) Media and communications
4) Trade bodies
5) Competitors

Secondary Non Social Stakeholder

1) Environmental pressure groups
2) Animal welfare pressure groups

Piggy Backing Strategy

The primary purpose is to subsidize the service program. It is gaining popularity in recent time. Educational institutes running commercial complexes hospitals manufacturing ophthalmic implements such as Arvind Eye Hospital are examples of piggy backing. It is related to cross subsidizing; for example Government of India proving kerosene at a lower price by charging higher prices for petroleum products is an example of piggy backing.

Adoptive culture

The key to a successful organization lies in its ability to move forward with its current endeavors while always maintaining an initiative to innovate without hindering that organization's overall operation. Often an organization will exhaust too many of its resources trying to ―fix‖ things that have gone wrong. By becoming trapped in this cycle of ―fixing,‖ an organization is no longer moving forward and progressing. This can lead to serious problems such as increased turnover, decreased moral and ineffective communication. By definition, an Adaptive Culture is simply a way of operating where change is expected and adapting to those changes is smooth, routine and seamless. With an Adaptive Culture in place, change, growth, and innovation are a "given" part of the business environment.

Balanced Scorecard

The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It was originated by Drs. Robert Kaplan (Harvard Business School) and David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance. While the phrase balanced scorecard was coined in the early 1990s, the roots of the this type of approach are deep, and include the pioneering work of General Electric on performance measurement reporting in the 1950‘s and the work of French process engineers (who created the *Tableau de Bord* – literally, a "dashboard" of performance measures) in the early part of the 20th century.

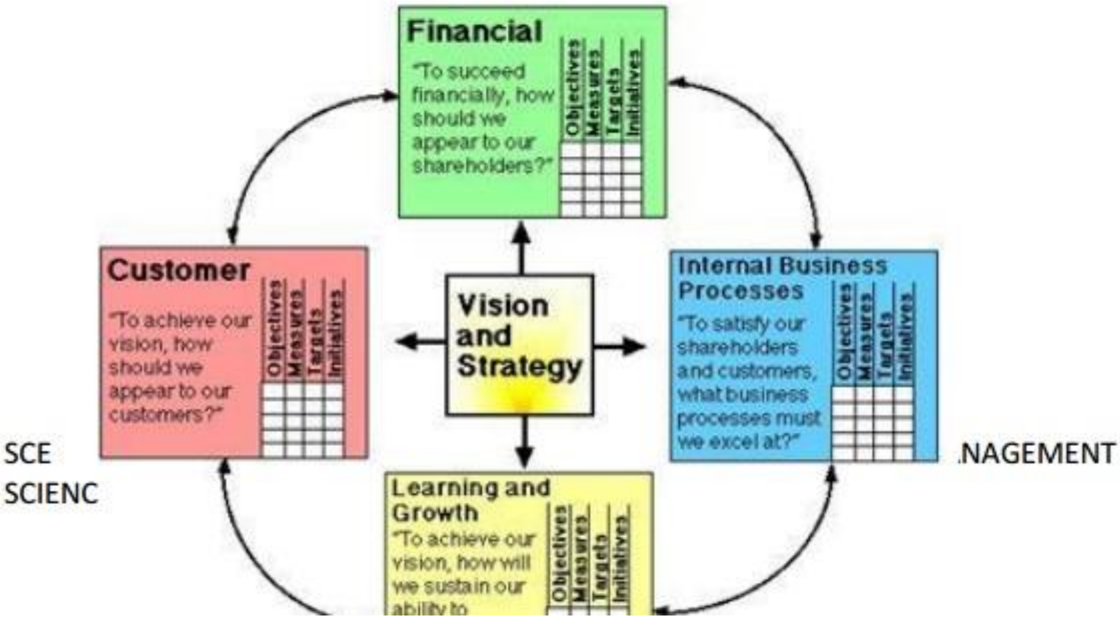
The balanced scorecard has evolved from its early use as a simple performance measurement framework to a full strategic planning and management system. The balanced scorecard transforms an organization‘s strategic plan from an attractive but passive document into the active plan for implementation for organization on a daily basis. It provides a framework that not only provides performance measurements, but helps planners identify what should be done and measured. It enables executives to truly execute their strategies.

Recognizing some of the weaknesses and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective. The balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. Kaplan and Norton describe the innovation of the balanced scorecard as follows:

The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation."

Perspectives

The balanced scorecard suggests that we view the organization from four perspectives, and to develop metrics, collect data and analyze it relative to each of these perspectives:



The Learning & Growth Perspective

This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. In a knowledge-worker organization, people -- the only repository of knowledge -- are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge workers to be in a continuous learning mode. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge-worker organization.

Kaplan and Norton emphasize that 'learning' is more than 'training'; it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on a problem when it is needed. It also includes technological tools; what the Baldrige criteria call "high performance work systems."

The Business Process Perspective

This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their business is running, and whether its products and services conform to customer requirements (the mission). These metrics have to be carefully designed by those who know these processes most intimately; with our unique missions these are not something that can be developed by outside consultants.

The Customer Perspective

Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good.

In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups.

The Financial Perspective

Kaplan and Norton do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. In fact, often there is more than enough handling and processing of financial data. With the implementation of a corporate database, it is hoped that more of the processing can be centralized and automated. But the point is that the current emphasis on financials leads to the "unbalanced" situation with regard to other perspectives. There is perhaps a need to include additional financial-related data, such as risk assessment and cost-benefit data, in this category.

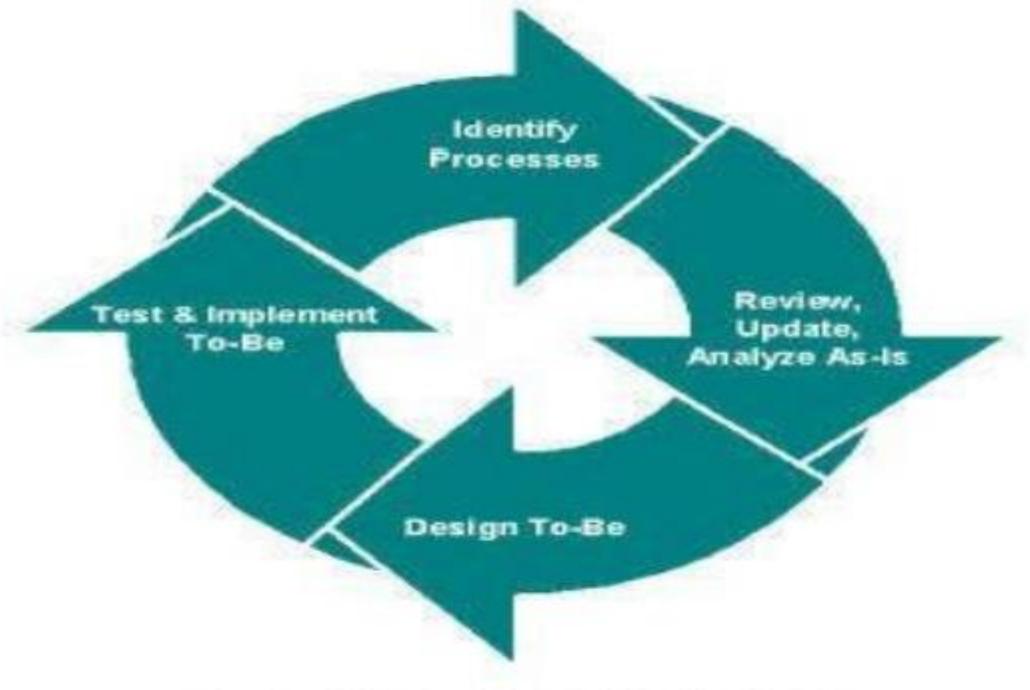
Strategy Mapping

Strategy maps are communication tools used to tell a story of how value is created for the organization. They show a logical, step-by-step connection between strategic objectives (shown as ovals on the map) in the form of a cause-and-effect chain. Generally speaking, improving performance in the objectives found in the Learning & Growth perspective (the bottom row) enables the organization to improve its Internal Process perspective Objectives (the next row up), which in turn enables the organization to create desirable results in the Customer and Financial perspectives (the top two rows).

Business process re-engineering:

It is the analysis and design of workflows and processes within an organization. According to Davenport (1990) a business process is a set of logically related tasks performed to achieve a defined business outcome. Re-engineering is the basis for many recent developments in management. The cross functional team, for example, has become popular because of the desire to re-engineer separate functional tasks into complete cross-functional processes. Also, many management information systems aim to integrate a wide number of business functions. Business process re-engineering is also known as business process redesign, business transformation, or business process change management. Business process reengineering (BPR) is a technique to help organizations to rethink how they do their work in order to dramatically improve customer service and reduce operational costs, and become world-class organizations. A key enabler for reengineering has been the continuing development and deployment of information systems. Leading organizations are becoming bolder in using this technology tosupport innovative business processes, rather than refining current ways of doing work. It may be defined as the fundamental rethinking and radical re-design, made to an organization's existing resources. It is more than just business improvising.

It is an approach for redesigning the way work is done to better support the organization‘s mission. Reengineering starts with a high-level assessment of the organization's mission, strategic goals, and needs of customer. Basic questions are asked, such as "Does our mission need to be redefined? Are our strategic goals aligned with our mission? Who are our customers?" An organization may find that it is operating on questionable assumptions, particularly in terms of the wants and needs of its customers. Only after the organization rethinks what it should be doing, does it go on to decide how best to do it.



Business Process Reengineering Cycle

Within the frame work of this basic assessment of mission and goals, reengineering focuses on the organization's business processes—the steps and procedures that govern how resources are used to create products and services that meet the needs of customers and markets. As a structured ordering of work steps across time and place, a business process can be broken down into specific activities, measured, modeled, and improved. It can also be completely redesigned or eliminated altogether. Reengineering identifies, analyzes, and redesigns an organization's core business processes with the aim of achieving dramatic improvements in critical performance measures, such as cost, quality, service, and speed.

Reengineering recognizes that an organization's business processes are usually fragmented into sub processes and tasks that are carried out by several specialized functional areas within the organization. Often, no one is responsible for the overall performance of the entire process. Reengineering maintains that optimizing the performance of sub processes can result in some benefits, but cannot yield dramatic improvements if the process itself is fundamentally inefficient and outmoded.

For that reason, reengineering focuses on redesigning the process as a whole in order to achieve the greatest possible benefits to the organization and their customers. This drive for realizing dramatic improvements by fundamentally rethinking how the organization's work should be done distinguishes reengineering from process improvement efforts that focus on functional or incremental improvement.

A **marketing co-operation** or **marketing cooperation** is a partnership of at least two companies on the value chain level of marketing with the objective to tap the full potential of a market by bundling specific competences or resources. Other terms for marketing co-operation are marketing alliance, marketing partnership, co-marketing, and cross-marketing. Marketing co-operations are sensible when the marketing goals of two companies can be combined with a concrete performance measure for the end consumer. Successful marketing co-operations generate ―win-win-win‖ situations that offer value not only to both partnering companies but also to their customers. Marketing co-operations extend the perspective of marketing. While marketing measures deal with the optimal organization of the relationship between a company and its existing and potential customers, marketing co-operations audit to what extent the integration of a partner can contribute to improving the relationship between companies and customers. In recent years, marketing co-operations have been increasingly popular between brands and entertainment properties.

Importance

The importance of marketing co-operations has significantly increased over the last few years: Companies recognize partnerships as an effective means for untapping growth potentials they cannot realize on their own. In the big merger and acquisition wave at the end of the nineties it became apparent, that co-operations (especially on the value chain level of marketing) often present a much more flexible approach with a more immediate growth impact than merging or acquiring entire business entities. Studies show, that companies recognize the increasing relevance and potential of co-operations.

Objectives

There are five main objectives of marketing co-operations:

- Build-up and/or strengthening of brandimage/traffic by implementing joint or exchange communication measures
- Access to new markets/customers by directly addressing the co-operation partner‘s customers or by using its distribution points
- Increase of customer loyalty by addressing own customers with value added offerings from the partner - often useful for community building
- Reduction of marketing costs by bundling or exchanging marketing measures
- Measure the potential value of an intangible asset through how much consumers are willing to pay the premium

3M's corporate site describes the value they see in Joint Marketing:

Joint marketing refers to any situation where a product is manufactured by one company and distributed by another company. Both parties invest in commercialization dollars. Joint marketing differs from a joint venture in that it deals with commercialization and marketing dollars, rather than equity. The prominence of each logo generally is relative to its use as a primary or secondary contributor. Joint marketing differs from third-party relationships because both brands are present on the product itself. Normally, third-party relationships have both brands on literature and sales materials, but only the manufacturer is present on the product.

Form

Marketing co-operations can take on many different forms, for instance:

Examples

Examples of marketing co-operations include:

Apple Inc. and Nike Inc. have formed a long term partnership to jointly

develop and sell ―Nike+iPod‖ products. The "Nike + iPod Sport Kit" links Nike+ products with Apples MP3-Player iPod nana, so that performance data such as distance, pace or burned calories can be displayed on the MP3-Player‘s interface. Diversification strategies are used to expand firms' operations by adding markets, products, services, or stages of production to the existing business. The purpose of diversification is to allow the company to enter lines of business that are different from current operations. When the new venture is strategically related to the existing lines of business, it is called concentric diversification. Conglomerate diversification occurs when there is no common thread of strategic fit or relationship between the new and old lines of business; the new and old businesses are unrelated.