

## Level of Strategy in an Organisation

There are many levels of strategy in an organisation.

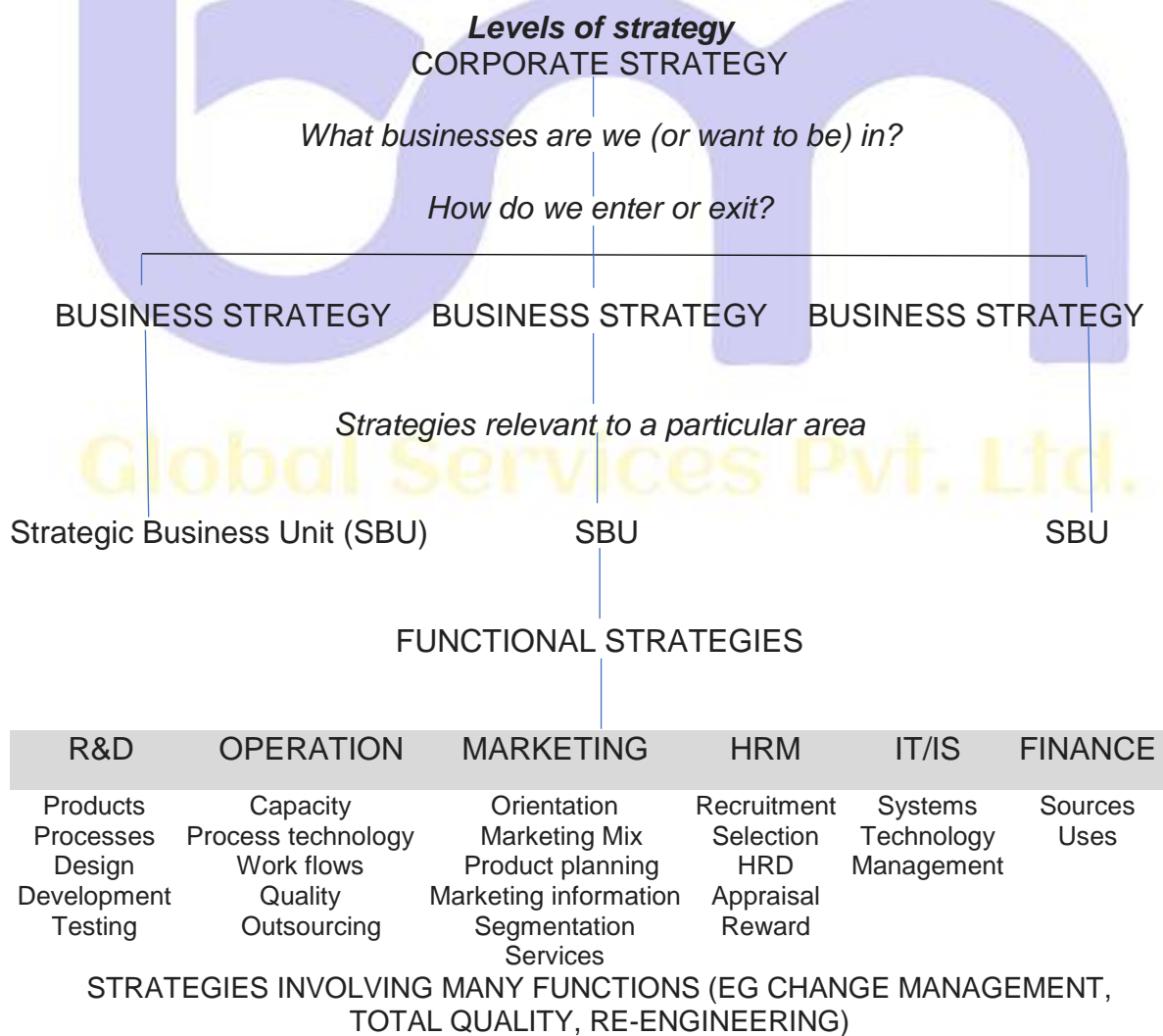
- **Corporate:** the general direction of the whole organisation
- **Business:** how the organisation or its SBUs tackle particular markets
- **Operational/functional:** specific strategies for different departments of the business

Any level of the organisation can have objectives and devise strategies to achieve them. The strategic management process is multi-layered.

It is generally agreed that there are three levels of strategy: corporate, business and functional/operational. The distinction between corporate and business strategy arises because of the development of the divisional business organisation, which typically has a corporate centre and a number of strategic business units (SBUs).

### 1.1 Corporate strategies

**Corporate strategy** is concerned with what types of business the organisation is in. It 'denotes the most general level of strategy in an organisation' (Johnson and Scholes).



### **Defining aspects of corporate strategy**

<b>Scope of activities</b>	Strategy and strategic management impact on the whole organisation: all parts of the business operation should support and further the strategic plan.
<b>Environment</b>	The organisation counters threats and exploits opportunities in the environment (customers, clients, competitors).
<b>Resources</b>	Strategy involves choices about allocating or obtaining corporate resources now and in future.
<b>Values</b>	The value systems of people with power in the organisation influence its strategy.
<b>Timescale</b>	Corporate strategy has a long-term impact.
<b>Complexity</b>	Corporate strategy involves uncertainty about the future, integrating the operations of the organisation and change.

### **1.2 Business strategy**

**Business strategy:** how an organisation approaches a particular product market area. Business strategy can involve decisions such as whether to segment the market and specialise in particularly profitable areas, or to compete by offering a wider range of products. Business strategy for large organisations is strategy at the SBU level.

### **1.3 Functional/operational strategies**

Functional/operational strategies deal with specialised areas of activity.

<b>R&amp;D</b>	New products and techniques
<b>Purchasing</b>	Ensuring that the firm acquires the raw materials and other supplies that it needs at the best price possible, and with assurances over quality and delivery in accordance with production schedules
<b>Production</b>	Factory location, manufacturing techniques, outsourcing, and so on
<b>Direct service provision</b>	The provision of services to customers (as opposed to the production of goods) encompassing a range of activities, depending on the business concerned – eg consultancy, accounting, payroll services, tax advice, facilities management etc
<b>Marketing</b>	Devising products and services, pricing, promoting and distributing them, in order to satisfy customer needs at a profit. Marketing and corporate strategies are interrelated
<b>Administration</b>	General support to other business functions in their day to day activities – call handling, reception duties, maintenance of records etc
<b>Finance</b>	Ensuring that the firm has enough financial resources to fund its other strategies by identifying sources of finance and using them effectively.
<b>Human resources management</b>	Secure personnel of the right skills in the right quantity at the right time, and to ensure that they have the right skills and values to promote the firm's overall goals
<b>Information systems</b>	A firm's information systems are becoming increasingly important, as an item of expenditure, as administrative support and as a tool for competitive strength. Not all information technology applications are strategic, and the strategic value of IT will vary from case to case.