

DMS-Session2

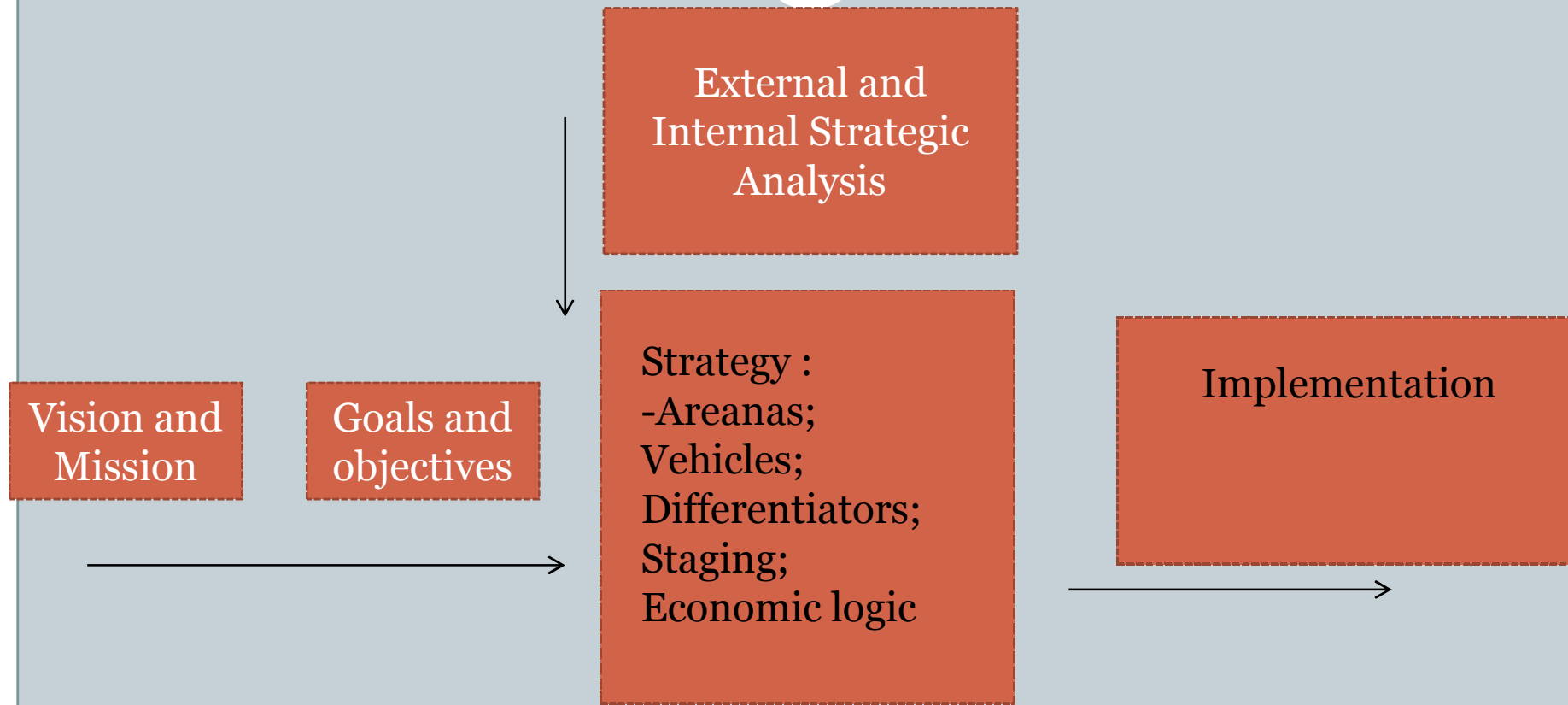


A guide to decision making: strategic planning



- Five elements make up a firm's strategy:
 1. Arenas: these answer the question : where will we be active?: comprise of products, distribution channels, geographic markets, technology
 2. Vehicles: 'How will be get there?' (to achieve the arenas/objectives)
 3. Differentiators: 'How will we win in the marketplace?': features and services to help compete
 4. Staging : 'what will be our speed and sequence of moves?': timing and pace of strategic moves –there are resources and limitations determining firm's move into a market and speed.
 5. Economic logic: 'how will we obtain our returns?' : every firm has to achieve a profit above its cost of capital: how will this profit be created?

Hambrick and Fredickson model of strategic management



Strategic Maneuvers at Bharti Enterprises.



- Strategic Intent: ‘to create a globally admired telecommunications company’ [strategic intent: ‘desired leadership position, a criterion to achieve its progress, an active management process that includes focusing firm’s attention on the essence of winning and establishing a motivating internal organization, communicating value of the target’.] [what does the firm want to achieve and how]
- Vision: ‘to be the most admired brand in India by 2010’ (that will be loved by more customers, targeted by top talent and benchmarked by more businesses’. [what to company ‘wishes’ or ‘aspires’ to become: a guiding philosophy-different from strategic intent with strategic intent being more competition and objective focused; vision is more ‘value/principles’ focused].

Strategic elements of Bharti's Strategy:



- Arenas: (where will Bharti be present?)mobile services, broadband and telephone services, enterprise services; national and global presence; retailing
- Vehicles: (How does Bharti 'get there' or achieves its objectives).
 - i. strategic alliances with global companies for access to finance and established market brands: finance- through alliance with Singtel and Vodafone investors; mobile network equipment partners: Ericsson and Nokia ; group wide
 - ii. Technology advantage: IT requirements through technological alliance with IBM; partnering with Nortel for call centre technology
 - iii. Mobile network equipment : partnering with Siemens, Nortel and Corning
 - iv. Organization structure: management board, 3 SBUs, functional directors, group corporate office



- Differentiators: Partnerships with established global market brands to achieve differentiators and compete on basis of quality and reliability.
- Staging (pace and sequence of events): rapid growth in sunrise (expanding/growing) industries. The alliances (strategic moves) are according to the need for this growth : alliances followed a sequence for fulfilling needs for finance; mobile network equipment, other equipment, to achieve IT integration for whole group, call centre.
- Economic Logic(how profits?): focus on getting more customers (esp., with India being a volume based market); global expansion, fast paced growth.