Chapter-4 Strategic choice

	Stability	Expansion/Growth
Status quo	Same branches/ Same product	New branches/ New product
~~ONGC Sail~~ Example	→ ONGC Sail	→ Reliance/ Tata
performance	→ less Risky	→ more Risky
	→ less investment	→ more investment
	→ no need to redefine the business	→ need to redefine the business
	→ less improvement	→ dramatic improvement
	→ least popular	→ versatile / diversifie
	→ intensive competition can think of stability	→ more popular
	→ when Environment is not stable	→ when ~~en~~ Environment is stable

II Expansion

↓

(3) merger → $\boxed{\text{vertical mergal}}$

- ↓ backward
  - ↓ disney is getting merge with Picsart
- ↓ Forward - Picsar is getting merge with disney

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* horizontal merger

→ maruti suzuki — car
→ PVR inox — cinema
→ vodafone idea — sim

* co-generic merger
ex:-
→ TV/trolley
→ DT/IDT
→ bed/bedsheet

* conglomerate merger

Tatasky

(4) Alliances (Expansion.)

Mcdonald's and coca cola
uber and spotify
Google and luxottica
technology   specs

~~BMD~~ BMW and aluii

* Disadvantage of alliances

→ sharing
  sharing of profit / knowledge / skills
↓
bcoz baad mai vohi competitor bn jayge ab skills knowledge chle jayegi eslye

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III Retrenchment

1) Turnaround strategy — 5 steps:-
* case study of Royal Enfield - bullet
(i) Assessment of current problem:-
  low sale

(ii) Analyse the situation and develop a strategic plan:-
  To understand why it is happening
    engine ceare
    kick start
    heavy
    oil leakage etc.

(iii) Implementing an emergency action plan:
    auto start | button start
    change in ~~gage~~ gear box
    design change | light weight etc.

(iv) Restructuring the business:-
  good quality showroom
  incentives/training employees

(v) Returning to normal:-
  earlier co. only selling 4000 per year.
  now selling 60000 units per month.

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2) Divestment strategy

a) Indicator of turnaround (आवश्यक संकेत)

Step 1:- After seeing all this symptoms
~~turnaround~~

Step 2:- still co. facing ~~small~~ same problem mention above, then go for divestment.
↓
that is partial closure.

Ex:- kingfisher shutdown international

here we refer to close down losing making unit.

→ After doing divestment co. doing same problem then there is last resort — Liquidation
↓
complete closure.

Ex:- Air India, Jet Airways, kingfisher alliances, cisca, big bazaar

(i) negative cash flow
(ii) reduce market flow/share
(iii) outdated technology
(iv) huge loses
(v) fraud ~~of~~ top management
(vi) un competitive profit
(vii) mis-management
└ ye dekha toh turnaround

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* Important elements of turnaround:-
→ changes in top management
→ trainings
→ new roles and responsibility
→ design change
→ market penetration
→ product development
→ cost reduction
→ revenue generation.
→ lay off → employees ko nikal dena.
→ better internal coordination.

(IV) combination

└ when one company having multiple products where company adopt for different product
↓
called combination.

Ex:- Jio expansion, ~~pet~~ petroleum stability, fresh retrenchment

(3) Boston consulting group (BCG)
└ it's useful when company having multiple products

* Star → High market growth Rate) (MGR)
High return market share (RMS)
ex:- colgate, Indigo, samsung

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* Question mark :-
  - High MGR , low ~~RMS~~ RMS
  - Ex:- pepsodent, vistara, lava phone

* Cash cow :-
  - High RMS   Low MGR
  - Ex:- Activa

* Dogs :-
  - Low RMS
  - Low MGR

(2) ADL matrix

five competitive position of a firm

(i) Dominant
  - monopoly / Almost monopoly
  - Ex:- IRCTC

(ii) Strong
  - Considerable degree of freedom
  - Ex:- Apple iphone

(iii) favourable
  - reasonable degree of freedom
  - Ex:- Samsung, oppo, vivo

(iv) Tenable
  - generally vulnerable in the face of increased competition
  - Ex:- BSNL

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(v) weak
  - unsatisfactory
  - Ex:- Nokia

(4) GE matrix
  - Market attractiveness
  - Business strength