

### ACTIVITY 3.1 - WORLD'S GREATEST STRATEGIST

1. Study the biography of Yang Yuanqing, CEO of Lenovo. Include his childhood, his interest, his educational attainment, professional and career orientation, and other facts that have contributed to the success he is enjoying now.
  - a. What in his childhood, interest, school life, professional and career orientation and other facts struck you as something worth imitating? Explain your answer.

Yang Yuanqing, CEO of Lenovo actually inspires me to do more, to give more and to strive more. Yang subsisted a life of poverty as his parents were massively underpaid in the Cultural Revolution. Imagine, A Kid Born in Poverty Leads World's Largest Tech Firm. Yang's Parents, wanted him to study medicine and become a surgeon and my parents wanted me to become an Accountant. Well that's why I'm now in the department of Accountancy. But in my college years, I have now the interest of becoming an entrepreneur. The thing is, Yang follows his dream and what he wants. He excels in the job where he started. A salesman to CEO. Nothing is impossible. Journey from a salesman to the CEO has a lot of lessons for all the younger entrepreneurs and businessmen especially to the people who wants to become entrepreneur and a business man. His journey leads me to a better mindset, change my thinking and motivates me to give and invest more to my interest.

2. Study the beginning of Lenovo, the challenges it encountered through the years, and its journey towards success. Discuss the type of strategy being utilized by Lenovo as to

#### **Corporate level strategy**

The dilemma is deciding what to compromise and what to insist upon. The entity compromise on anything, but hold firm on strategy. The entity made compromises in CEO positions in the first four years, even though their ultimate dream was to be able to lead a top multinational firm.

#### **Business level strategy**

CEO wanted to replace a Lenovo executive that both Yang and Liu personally knew to be well qualified and outstanding; however, compromised in this situation to support the CEO's authority. The company never compromised the strategy of rolling out a 'dual model' to the global market, because this was fundamental to our long term viability. 'Dual model' refers to the application of distinct strategies to two different market segments, a 'relationship model' targeting large-enterprise clientele and a 'transactional model' targeting consumers and small to medium-sized enterprises

#### **Functional level strategy**

Lenovo's dual business model approach was developed and refined in China. Based on different customer needs and preferences in products, service and buying channels in China, The Company first segmented customers into two types – relational and transactional – and then built complementary business models accordingly. The success of Lenovo's dual model in China lies in the end to-end integration of product development, marketing, sales, manufacturing and customer service, allowing fast, yet disciplined, response to market shifts, enabling Lenovo to operate efficiently on an optimized cost structure.

## **International level strategy**

After the initial trial in India, The Company chose a well-developed market, Germany, for dual model programmed, with Yang personally leading the way. It worked again. This raised eyebrows throughout the company. People became more receptive to the dual model. The company rolled it out in France, followed by the Middle East, Africa and North America. It worked in all these markets

## **Entrepreneurial level strategy**

The dual model enabled the company to ride the wave of growth opportunities in PCs: small- and medium-sized businesses and emerging markets. It is not an overstatement to say that the dual model was a key success factor for Lenovo becoming #1 in the PC industry by 2013

3. From the management, result-driven, practical, and inspirational strategies implemented by Yuanqing at Lenovo which struck you as something worth to be formulated by the University of La Salette? Explain your answer.

If I were to formulate strategy to the University of La Salette, is to define the brand image, showcase success and embrace diversity. Define brand image could mean re-evaluating your current brand guidelines and updating marketing materials to ensure it's consistent. This step doesn't directly market to your audience at first, but over the years the brand will become recognizable in the local area. Graphic design plays a large role in marketing and shouldn't be taken lightly. It helps solidify your image as a place of learning for your audiences. Next is to showcase success, Not every student is going to become a celebrity in their industry, but they may hold an important position at a respectable organization. Find where your alumni are now and highlight their accomplishments. Your university played a role in their success, own it. Lastly is to embrace Diversity, The college stereotype is attending for four years right out of high school. For many, this isn't the case. Some may transfer from community colleges or start for the first time ten years after graduating high school. Every single student has unique backgrounds and experiences that shape how they'll receive messages. Showcasing the traditional student won't resonate with all audiences. Why not inspire others by marketing to specific audiences? It's possible to create various campaigns surrounding the idea of diversity. Your university may see a high population of adult learners. Promoting your specific population can be encouraging to other adults looking to return to school. To them, it shows you value adult learners and are taking strides in treating the whole population equally. Evaluate what distinct population exists at your college and embrace the diversity.

## ACTIVITY 3.2 ONLINE RESEARCH ACTIVITY – C2 GREEN TEA

1. Search online about C2 Green Tea
2. Write a three paragraph essay discussing C2 Green Tea an example of a product that was borne out of a blue ocean strategy.

C2 Green Tea is a bottled green tea beverage which is most commonly called as C2 for "Cool & Clean". It is a high-quality, ready-to-drink tea beverage boosted with antioxidant-rich "catechism" from green tea leaves delicately brewed to retain the antioxidants normally lost in other extraction processes and bottled in PET bottles on the same day. The Chinese characters in the bottle means "brewed from natural green tea leaves."

Currently C2 is available worldwide, at 32 countries and territories. C2 is positioned as the dominant brand in the market using Blue Ocean Strategy. It created an entirely new marketing territory for URC. Prior to C2, there was no ready-to-drink tea product. Healthy drinks before C2 was either expensive or does not taste good. After over a year of groundwork, the URC product development team finally decided on the "spa in a bottle" theme. The product took the form of a noncarbonated green tea drink that was light, refreshing, and packed with nutritional benefits. It tasted a bit sweet to suit the Filipino palate, but unlike most cold teas at the time, it stayed close to the taste and flavor of traditional tea brews. And to embody the core identity of the product, the team chose the words "cool" and "clean" and named the drink "C2 Green Tea".

C2 was created for people who have a certain way of thinking, who are looking to live a more balanced, holistic life. That, of course, includes taking care of their health and nutrition, so it doesn't matter whether they're 15 or 50 years old. C2's primary target market is the "health conscious people" who want a feeling of freshness and calmness. It wasn't so much demographic (in terms of size, density, and distribution) as psychographic (in terms of attitudes and values).

## EVALUATION 3

**Essay:** Answer the following briefly but substantially:

1. What is your own concept of strategy formulation?

Strategy formulation is the process by which an organization chooses the most appropriate courses of action to achieve its defined goals. This process is essential to an organization's success, because it provides a framework for the actions that will lead to the anticipated results. Strategic plans should be communicated to all employees so that they are aware of the organization's objectives, mission, and purpose. Strategy formulation forces an organization to carefully look at the changing environment and to be prepared for the possible changes that may occur. A strategic plan also enables an organization to evaluate its resources, allocate budgets, and determine the most effective plan for maximizing ROI

2. What is corporate level strategy and why it is it important?

Corporate level strategy refers to corporate-wide strategy synchronizing various business level strategies into a cohesive and coordinated efforts to achieve the vision of the entire business organization. It describes a company's overall direction in terms of its general attitude toward growth and management of its various businesses and products lines. It defines the business areas in which the company will operate. The corporate strategy reflects the path toward attaining the vision of the company. Corporate-level strategy used to maximize profitability and maintain financial success in the future. This strategy utilized to help increase competitive advantage over its competitors and to continue to offer a unique product or service to consumer. A formal corporate strategy is a crucial strategic tool because it allows a corporation to focus multiple resources on a single objective. Without a clear corporate strategy, companies lose sight of their main objectives and lack the drive and focus of a well-designed corporate strategy provide

3. What are the differences among cost leadership, differentiation, focused cost leadership, focused differentiation and integrated cost leadership/differentiation business –level strategies. How can each of the business –level strategies be used to position the firm to earn above-average returns? Discuss.

4.

### **Cost leadership**

It is important for competitors to have a low-cost place. Due to the favorable position of the cost leader, competitors hesitate to compete on a price basis, especially before they estimate the potential effects of such competition. Potential clients may compel a cost leader to reduce their costs, but not below those of the cost leader who is the most effective industry competitor. The cost leader normally has margins higher than the rivals' and also seeks to raise his margins by lower driving costs. Higher gross margins compared with competition, among other advantages, allow the cost leader to withstand price rises for his suppliers. Only the cost manager is able to pay higher prices and gain an average or better return when an industry faces significant rises in its production costs.

### **Differentiation Strategy**

Customers tend to be loyal purchasers of products differentiated in ways that are meaningful to them. As their loyalty to a brand increases, customers' sensitivity to price increases is reduced. The relationship between brand loyalty and price sensitivity insulates a firm from competitive rivalry. Thus, reputations can sustain the competitive advantage of firms following a differentiation strategy. The distinctiveness of differentiated goods or services reduces customers' sensitivity to price increases. Customers are willing to accept a price increase when a product still satisfies their unique needs better than a competitor's offering.

Because the firm using the differentiation strategy charges a premium price for its products, suppliers must provide high-quality components, driving up the firm's costs. However, the high margins the firm earns in these cases partially insulate it from the influence of suppliers in that higher supplier costs can be paid through these margins. Customer loyalty and the need to overcome the uniqueness of a differentiated product create substantial barriers to potential entrants. Entering an industry under these conditions typically demands significant investments of resources and patience while seeking customers' loyalty.

Firms selling brand name goods and services to loyal customers are positioned effectively against product substitutes. In contrast, companies without brand loyalty face a higher probability of their customers

switching either to products which offer differentiated features that serve the same function (particularly if the substitute has a lower price) or to products that offer more features and perform more attractive functions.

### **Focused Cost Leadership Strategy**

This strategy is used to position the firm relative to the five forces of competition in a way that helps the firm earn above-average returns similar to cost leadership strategy.

### **Focused Differentiation Strategy**

This strategy is used to position the firm relative to the five forces of competition in a way that helps the firm earn above-average returns similar to differentiation strategy.

### **Integrated Cost Leadership/Differentiation Strategy**

Flexibility is required for firms to complete primary value-chain activities and support functions in ways that allow them to use the integrated cost leadership/differentiation strategy in order to produce somewhat differentiated products at relatively low costs. Flexible manufacturing systems, information networks, and total quality management systems are three sources of flexibility that are particularly useful for firms trying to balance the objectives of continuous cost reductions and continuous enhancements to sources of differentiation as called for by the integrated strategy.

5. What five entry modes do firms consider as paths to use to enter international markets? What is the typical sequence in which firms use these entry modes?

**Exporting** is an entry mode through which firm sends products in its domestic market to international markets. Exporting has the characteristics of high cost and low control.

**Licensing** is an entry mode through which an agreement is formed that allows a foreign company to purchase the right to manufacture and sell a firm's products within a host country's market or set of host countries; market. Licensing has the characteristics of low cost, low risk, little control, low returns.

**Strategic Alliances** is an entry mode through which a firm collaborating with another company in different setting in order to enter one or more international markets. Strategic Alliances has the characteristics shared costs, shared resources, shared risks, problems of integration (e.g. two corporate cultures)

**Acquisitions** is an entry mode through which a firm from one country acquires a stake in or purchase all of a firm located in another country. Acquisition has the characteristics of quick access to new markets, high costs, complex negotiations, problems emerging with domestic operations.

**New Wholly Owned Subsidiary** is an entry mode through a firm invests directly in another country or market by establishing a new wholly owned subsidiary. It has the characteristics of complex, often costly, time consuming, high risk, maximum control, potential above average returns

6. Among the options for offensive strategy, which is appropriate for industry leaders in the midst of COVID 19 pandemic? Justify your answer.

The first thing leaders have to do is understand that an organization is faced with a crisis. In particular, when crises begin, it is a difficult phase, not to come unexpectedly, but to emerge from familiar conditions, which obscure their existence. Seeing a slow-developing crisis for what it might become requires leaders to overcome the normalcy bias, which can cause them to underestimate both the possibility of a crisis and the impact that it could have. Once leaders identify a crisis as such, they will start to respond. But they cannot depend on plans drawn up in advance like they might in a normal emergency. Effective solutions are largely improvised during a crisis, governed by unfamiliarity and uncertainty<sup>4</sup>. This may encompass a variety of steps: not only temporary measures (for example, but also changes to existing commercial practices (for example the implementation of new technologies to assist collaboration), which can be useful even after the crisis. What leaders need in a crisis is not a predefined action plan,

but conducts and thoughts that keep them from overacting and helping them look to the future. This article discusses five habits and guiding opinions that can help leaders manage the pandemic of coronavirus and future crises

7. What competitive dynamics can be expected among firms competing in slow-cycle markets, fast-cycle markets and standard-cycle markets?

Slow-cycle markets are the ones where the competitive advantages of the company are protected from imitation, and which often remain inexpensive for long periods of time. Competitive benefits in slow-cycle markets are therefore sustainable. Construction of a proprietary, unique competitive advantage in a slow-cycle market leads to competitive success. The competitors have difficulty understanding this type of advantage. Copyright, geography, patents and information resource ownership are examples of the unique benefits

Fast-cycle markets are markets in which the firm's competitive advantages aren't shielded from imitation and where imitation happens quickly and somewhat inexpensively through reverse engineering and technology diffusion. Competitive advantages aren't sustainable in fast-cycle markets. The technology often used by fast-cycle competitors isn't proprietary, nor is it protected by patents as is the technology used by firms competing in slow-cycle markets. For example, only a few hundred parts readily available on the open market are required to build a PC. Patents protect only a few of these parts, such as microprocessor chips.

Standard-cycle markets are those in which the firm's competitive advantages are moderately shielded from imitation and where imitation is moderately costly. Competitive advantages are partially sustainable in standard-cycle markets, but only when the firm is able to continuously upgrade the quality of its competitive advantages. The competitive actions and responses that form a standard-cycle market's competitive dynamics find firms seeking large market shares, trying to gain customer loyalty through brand names, and carefully controlling their operations to consistently provide the same usage experience for customers without surprises.

8. Applying the concepts of Industry Life Cycle, identify the current stage of the University of La Salette and identify 5 strategies to achieve its core values.

Maturity Stage. The stage characterized by slowing demand growth, saturated markets, direct competition, price competition, strategic emphasis on efficient operations.

9. What is cooperative strategy and why is this strategy important to firms competing in the twenty-first century competitive landscape?

Cooperative strategy is one where multiple firms have shared goals that are worked on together. This is a strategic alliance between companies. The main purpose of this alliance is to create competitive advantage. It is valuable in the current competitive landscape because of the following reasons: As it allows value to be created by the collaboration, whereas alone the one company could not create the value. In today's scenario is that it helps the firms to raise prices above the prevailing competitive level. This is helpful for the firm to enter restricted markets. Helps the firm to quickly move from one competitive advantage to another one. sHelps them to gain market power.

10. Why is entrepreneurship an important aspect of strategic management process? Explain your answer.

The Entrepreneurship and Strategic management process sector focuses on the establishment, growth, transformation and success of companies and industries and investigates the efficiency of different attributes and activities of a business and the top management teams to gain competitive edge and achieve organizational objectives. Examples of topics (include competitive gain, market growth, technological transition, product ecosystems, business limits, theory of contracting, cost-economic transactions, fusions, acquisitions, alliances. Entrepreneurship and Strategic management process focuses on prestige, rank, corporate identity, while sociology focuses on networks, the ecology and status of

population. The program's business area includes the development of new businesses, mobility of workers, the role of venture capitalists and entrepreneurship within enterprises.

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