

STRATEGIC MANAGEMENT

Strategic Management

Name

University

Instructor

Course title

*Framework for strategy formulation*

The current business environment is characterized by a considerable level of the competitive rivalry and as a result organizations have to continuously reengineer their internal processes in order to develop and maintain a competitive advantage. This is referred to as the process of managing change. When it comes to managing change, as in the case of *Top Motors Ltd.*, the strategic alignment process must be maintained. This alignment process takes place in four main areas: IT strategy, business strategy, organizational issues and information systems issues. The *IT strategy* refers to the selection of the best hardware platform and software solutions. The *business strategy* refers to the process of evaluating the cost effectiveness of the IT strategy. The *organizational issues* refer to maintaining the skill sets of the employees. The *information systems issues* refer to the process of maintaining an effective knowledge management system. This is the strategic alignment process that will have to be taken into consideration in the case of implementing a customer relationship management solution.

According to Michael Porter's framework for the strategy formulation, a business organization has three strategies at its disposal: differentiation, cost minimization and focus. The problem with implementing these strategies is that they cannot lead to the development of a sustainable competitive advantage. This is the critical consideration in the current business environment which is characterized by a considerable level of the competitive rivalry. The situation is similar in the industry, in which *Top Motors* operates. Therefore, the management of the company will have to think about developing a sustainable competitive advantage. This can only be achieved through the development of a specific cultural orientation. Maintaining a specific cultural orientation is the reason for global businesses to carefully weigh their options before initiating the entry into a foreign market. In this respect,

an international company has three choices: acquisitions, joint ventures and Greenfield projects. An international business has to select the most effective entry mode.

*Strategies for customer relationship management*

As it was mentioned before, the current business environment is characterized by a considerable level of the competitive rivalry, which means that an organization must strive to develop a sustainable competitive advantage. The situation is the same for *Top Motors Ltd.*, because the company operates in the global environment. Therefore, the high possibility of new entrants and substitute products in the market leads to the increasing competitive rivalry. Operating in the global environment is further complicated by the fact that the management of the company has to decide on the extent of standardization and customization to implement. In order to make an effective decision in this regard, *Top Motors Ltd.* will have to collect a considerable amount of information about the customers' tastes and preferences. For this reason, implementing a software solution in the area of customer relationship management is a critical success factor for the company. As mentioned before, this will be a project of managing change and, therefore, the management will have to focus on creating the right environment so that employees are receptive to change.

References

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