Strategy Making and implementation

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The paper will analyze the strategy that has to be adopted by the company to cure the declining profits and sales. This strategy will keep the economy condition under consideration and suggest a cure accordingly. In choosing the strategy, there will be more than one alternative provided to the company so that it can implement the one which suits best. Harvesting strategy has been chosen as the solution to company problems.

**New Strategy Chosen**

The company can go for harvesting as a strategy in this situation because it will help the company to increase cash flows in the short term. There are two different aspects of this strategy, one is related to the past and other is related to the present and future. The company should have analyzed that the economy is slowing down and then harvest some of the earnings in some other market outside the country so that the slowing market can be covered by the new market. The second aspect related to harvesting is to increase the prices of current products so that there is a higher amount of cash flows for the company and company can then quit the market (P.Feldman & Page, 1985). A further analysis will reveal whether the decline pertains to operational aspects of the business or the strategic aspects. The operational problems will need an improvement in operations whereas a strategic problem will need a strategic solution (Hambrick & M.Schecter, 1983).

**Strategy type**

There have been two alternatives for harvesting have been presented. This will be a combination of defensive and aggressive strategy because the withdrawal from one market will be defensive strategy and company will aggressively pursue the establishment in a new market. The other option will see the company aggressively increasing the price of its products and then establishing on other country. In the first case, there will be considerable involvement of strategic team in strategy formulation whereas the second case will require more involvement from the operational team.

**Justification**

The harvesting strategy is advantageous when the business has to consider the impact of various external factors on it (S.Mcshane & Glinow, 2017). An example can be given regarding the competitive pressures on the business which can cause the company to step out of a particular market. This strategy will also help the company in establishing itself in a new market. The negative side of this strategy is that the economic downturn can revive quicker than anticipated and the business can lose a lucrative market. Similarly, the new market which has been followed by the company may not produce the desired results.

**In-depth strategy details**

In order to implement the harvesting strategy, there have to be some assessment related to the firm. The financial condition of the business should be examined. This will be done by going through the operations of the business. The ratio analysis of the company will help in analyzing the situation of business. The cash-flow breakeven chart along with a net income break-even chart is necessary for the business to know what level of harvesting strategy will be required. The business will also have to assess its market position by comparing the current level of sale with the breakeven level of sales (Jr, A, & J.Gamble, 2017). The maximum capacity that the business can achieve in its products will also give an important calculation. This will provide the business with an idea of what is possible with its already sold products to retrieve its market share and exceed the break-even point (Hofer, 1980). After analyzing the situation in detail, the business will be in a better position to analyze itself and ascertain how it will implement the harvesting strategy.

**Five Competitive Forces**

The major cause of this decline was the competitive rivalry that prevailed in the industry. As discussed above, we can see that there is a clear impact of competition in this scenario. A stronger competitive force has let the company down in terms of profit and in terms of sale. The bargaining power of suppliers was also very high because the business was not able to get the lowest cost suppliers from the available options. The increasing costs was also a reason for the business to decrease profits and sales. The increased costs would also mean that company will have a higher price as compared to its competitors. Customers will have a higher bargaining power against the company because there are a large number of companies offering similar products and a higher price has resulted in a decline of sales volume for the company. Entry of new companies to the industry has also impacted the company and resulted in a decrease of its sales. These companies have increased the options available to customers and used modern technology to satisfy the needs of customers. The suggested strategy will cover almost all the stakeholders discussed in the 5 forces model discussed by Porter.

**Management Team Instructions**

The management team will have to minimize the costs related to the product. Since the business does not manufacture anything but purchases from the suppliers to resell to customers, it should try and minimize the cost by purchasing in bulk from the suppliers. This lower cost will allow the company to earn a profit with the current price of its products. This profit will be used to harvest a new market for company products.

**Management Roles**

The management will oversee the ways in which they can reduce the costs related to their products. The overheads should be minimized so that the total costs can also be low. A management team will be given the responsibility of ascertaining parts of costs and then deciding which parts contribute the most towards costs. Another team will analyze the costs incurred by the competitors and compare that to company’s costs.

**Human Resources impact on recovery**

The human resources will play an important role in the whole scenario. The training will be given regarding the methods to control costs. The people in management will have to communicate the cost reduction strategy to all other departments. The new employees will also be trained to control costs from the beginning of their tenure. The marketing department employees will be trained to target the consumer in a better way. The finance department employees will have to critically evaluate the costs before releasing any funds.

**Conclusion**

The company will use harvesting strategy which will be defensive and aggressive at different points in time. The strategy will include the reduction of costs by the company so that the level of profit may be increased and it can be harvested in the business to reestablish it in some new market. The start of cost reduction will be from purchasing from suppliers. Management will play its role by examining the costs at various levels and then deciding how costs can be reduced. Overall human resource of the company will have a role to play in this strategy making and implementation.

# **References**

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