Entrepreneurship
Professor C. Bhaktavatsala
Department of Management Studies
Indian Institute of Technology, Madras
Technology, Business and Operation Strategies
Part 4

So, far we have discussed many aspects of product technology and we have considered how product technology is the core for starting a startup and also enabling the startup to grow.

In this session, we will consider certain strategic aspects related to the business because the whole idea of establishing a startup is to establish a business, a business which can be profitable, which can be viable and also which can be sustainable. And how is this accomplished it is accomplished through what we call business strategy.

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What is business strategy of a firm? Business strategy of a firm is a set of integrated actions which cover multiple domains in which the company operates and which are integrated into a very cohesive plan and which sets therefore, the direction the goals and the various action steps that need to be taken by the company.

The business strategy of a firm is typically developed to take care of the environmental opportunities, certain threats and also to take care of the strengths and weakness of the company.

The process of developing the business plan or the business strategy of companies called by various names, people call it long range planning, people call it strategic management, people call it strategic planning, some call it by corporate planning,

But whatever is the name, the overall approach is one of keeping a long term direction for the company doing the strategy over a tenure of 5 to 10 years depending upon the nature of industry, and also making sure that the entire organization is focused on particular goals and missions of the company.

Typically, the first year of the business plan tends to be the budget, the annual budget, which is much more fixed and much more robust in terms of the metrics and the evaluation criteria.

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This in a nutshell gives the components of a business strategy. I am not saying that business strategy is limited only to these aspects, but business strategy requires number of functional strategies to support. Primarily the product strategy, the technology strategy, the operation strategy, sales and marketing strategy, financial strategy and human resources strategy.

And as this course progresses, I am very hopeful that we will be able to cover each of these strategies also, in some significant detail separately, but this session is about business strategy.

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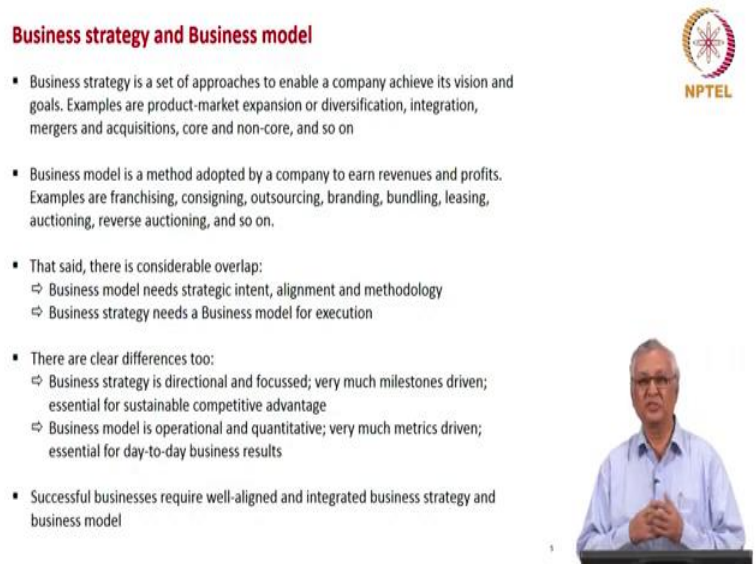

Before we go into business strategy, I also want to talk about business strategy as contrasted or compared with business model. Many times, some people use business strategy and business model in a kind of substitutional way, but actually, it is not so.

Business strategy as I said is a set of integrated actions which tell the company how it should proceed for the long term. Therefore, it is more directional in nature. It is strategic in context and also is somewhat independent of day to day vicissitudes that could happen in the business of a company.

Business model, on the other hand, is a method by which a company sets out to earn its revenues, earned out its profits. So, some examples of business strategy or what kind of business our company should be in, what kind of strategies we should adopt and what are the metrics by which our long term growth can be measured and what should be the shareholder wealth maximization strategies the company should pursue.

But on the other hand, the business model talks about the specific revenue and profit arrangements, do I sell my products through, let us say a franchising arrangement or through consigning arrangement, should I have an organic sales model or should I have a partnership model, should I have certain days of inventories to be financing the sales cycle or should I do on cash on delivery kind of system.

So, business model is very specific. At the same time there are many similarities as well business model requires a business strategy to set the direction as to how the business model should be worked. Similarly, a business strategy will not be effectively executed unless there is a very good robust business model to translate the strategic objective into model specific actions. Successful businesses require therefore very well aligned business strategy as well as business model.

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So, having said this, let us get back to business strategy. What are the basic questions that the business strategy addresses and a firm needs to know these answers as well? What is the business of the firm fundamentally? What kind of industry I am going to operate in and what kind of business I would conduct?

Secondly, who are my customers and what are the markets. This is, as we said, is the core of startup development as well. Understanding the customer's innate needs, discovering a problem which probably even the customer is not aware of and providing a solution.

Thirdly, what are the products the customers needs from the firm and what the firm should aim to offer? And how should the products be manufactured? What should be the cost and price of the products and how viable the entire operation of business would be?

So, these are the questions a business strategy tries to answer and the solutions are not easy they come from multiple directions and multiple disciplines. And integrating all these aspects is the challenge the business strategist faces.

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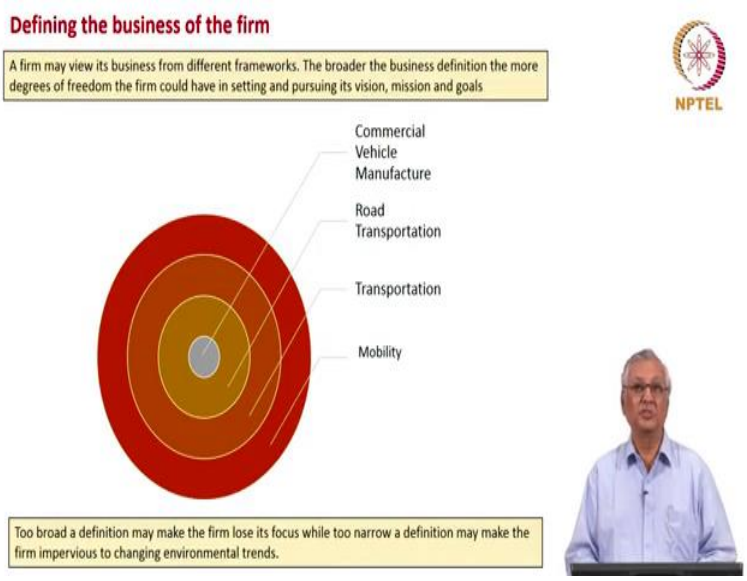

Now, defining the business of the firm, this is the fundamental to establishing a business strategy. In today's world where technologies are converging and also at the same time diverging, defining the business at time is easy and that also its difficult.

And the importance of defining the businesses is that if you define your business very narrowly, that is almost around a product, then your degrees of freedom to expand, the degrees of freedom to diversify will be very limited and you tend to get straitjacketed into a particular product dependent business model.

On the other hand, if you define your business too broadly, you may be all over you would not really know which kind of products you should get into the market and which types of customers you should serve. So this, this graphic of concentric circles is very apt for this. At the core is for example, in the case of an automobile lineup, commercial vehicle manufacturer, you can define your business as manufacturer of commercial vehicles.

But then you can kind of expand your horizon a little bit more and say that what will commercial vehicles do for the customers? They help the customers transport their goods or transport their passengers by road so you can define the industry a little bit broader saying that my business is road transportation.

On the other hand, you may say that these are the days of multimodal transport and road transportation may have its own ups and downs. So, why not I look at transportation as my business which means that the company could choose to be even in air travel it could be in rail travel, and particularly with the trains getting privatized, it may people may say that yes these are good business to enter, why should I be only on road transportation.

But then looking at the way the entire concept of transport is getting turned around, and mobility rather than ownership of vehicles being important, you might say that my goal of business is to be in the business of mobility. Therefore, depending upon how you view your business and how you see the boundaries set by the industry, your definition of business dramatically varies.

And when the business varies in terms of its definition, the degrees of freedom to launch your products or to operate your markets also correspondingly varies.

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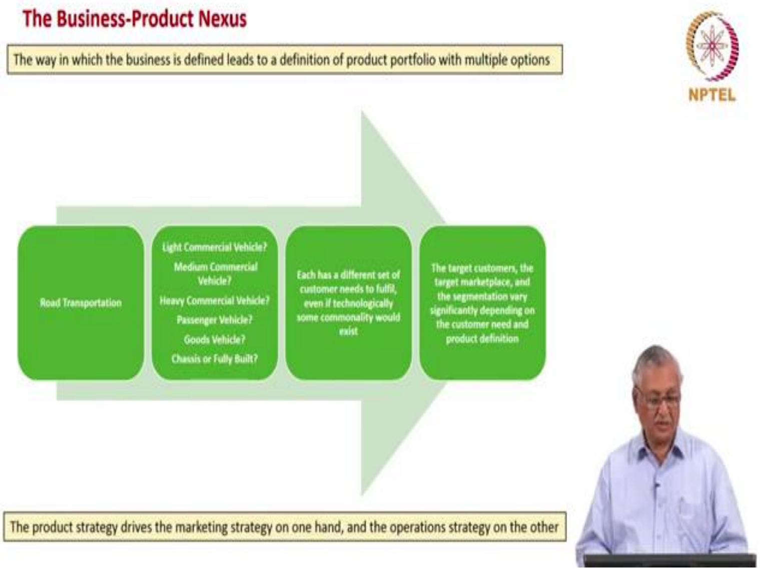

So let us look at this particular aspect in terms of one industry which is the road transportation industry. When you say that I am in the road transportation industry, how would I serve my customers? Would I serve my customers by offering light commercial vehicles, medium commercial vehicles, heavy commercial vehicles? Should I be only in the passenger vehicle? Should I be only in the goods vehicle?

And what should be the configuration of the chassis? Should it be a fully built vehicle or just a chassis on which the other manufacturers will build their bodies so, you have a number of alternatives by which you can further subdivide your business in terms of the product configuration.

And as you can appreciate, each of these product choices has its own customer requirements, its own operational requirements underlying technological facets, and why is it important to define this business properly? Because, the strengths and weakness of the company or the resource capabilities of a firm may vary differently.

For example, if you want to be in bus manufacture based on the chassis provided by a chassis manufacturer your investment requirements will be substantially lower and your market volumes will be lower, but that is probably what company could afford. So, for them defining the business in terms of the broader road transportation, but more specific, bus body manufacturer could be relevant.

On the other hand, a fully integrated highly resource capable firm like Ashok Leyland or Tata Motors could choose to be in all types of commercial vehicles and therefore meet the entire spectrum of road transportation. And when you think about further, the companies may think about financing of vehicles and then carrying out the logistics as being parts of their business.

So, the target customers, the target markets, the segmentation varied differentially depending among the definition of the business. So, the product strategy, it drives the marketing strategy on one hand, and also it drives the operation strategy on the other, depending upon the product portfolio, that is defined by the business, your operational requirements also will vary.

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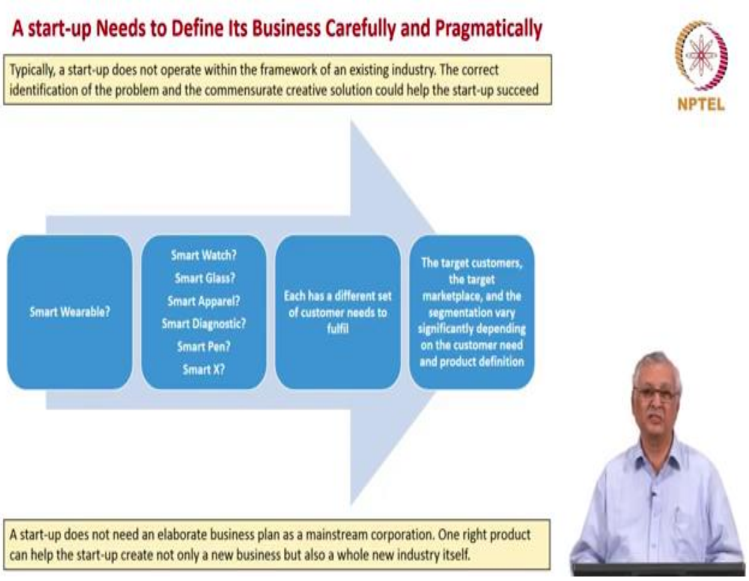

However, in respect of startup, the flexibility to define may not be as great as it is for an established company. As startup must be very careful as to how it would define its business it should do it carefully and it should also do pragmatically. Typically, also, a startup does not operate within the confines of an industry.

We have seen in our earlier sessions that verily the startup can create its own business create its own industry. Therefore, trying to analyze a startups business in respect of an available industry structure may be desirable in at one level, but also is not very desirable in the other level, it should be very open and innovative as well as creative in trying to define its business. So, let us look at the smart wearable.

Suppose a startup decides that its businesses in the smart wearable, as opposed to our earlier example of a commercial vehicle manufacturer where there could be several options and the company could straddle all the options for a startup it would be very challenging to be in the entire field of smart wearable, should I be in the smart watch industry or business? Should I be smart glass company, should I be in smart apparel, smart diagnostics, smart pen, smart x etc

So, each could be posing certain degrees of resource deployment and technological development which will be complete and full for a startup. Therefore, startup has to be very clear. That yes, I am in smart wearable, but my initial business definition is going to be in terms of smart watch or smart glass, for example, and that is because the technologies are different and the customer needs also need to be catered differently.

But at the end of it, like in the case of commercial vehicles, the target customers, the target marketplace, and the segmentation vary depending upon how you choose your product. I must also say that a startup does not need an elaborate business strategy and an elaborate business plan as a mainstream corporation would need to that does not mean that startup can ignore the principles of planning a business.

One right product obviously makes the business and the industry for the startup but at the same time, the underlying principles of how a business will be driven by the product choice and how various functions should be got together to make the business strategy effective remain the same for a startup as well as for an established company.

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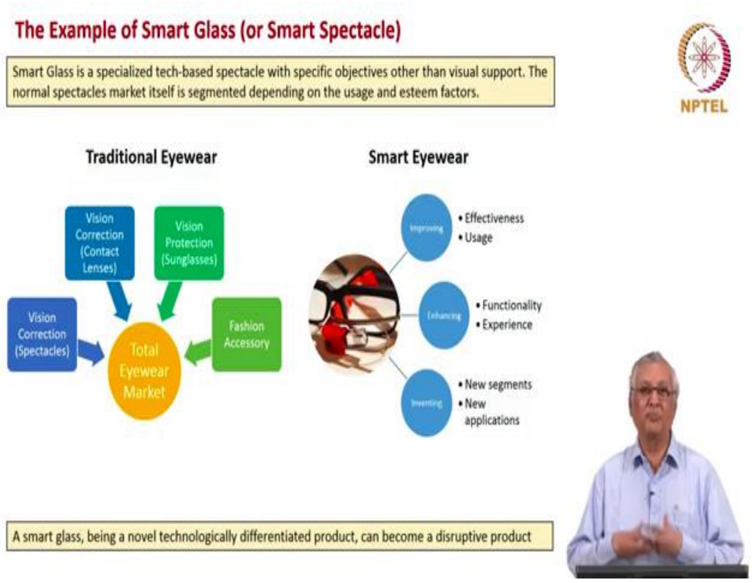

Now, let us try to build upon these concepts through certain examples. I would take the example of smart glass or smart spectacle as I try to talk about development of a business strategy. As you can see, the spectacle is a very common place product which is available for people for their vision correction.

But on the other hand, smart glass is a specialized tech based spectacle with specific objectives, including but also other than visual support. The normal spectacles market itself is segmented depending upon the specific usage and testing esteem factors. But smart eyewear could take the segmentation even higher.

So, when you look at traditional eyewear, you have vision correction spectacles, we have vision correction contact lenses. We have sunglasses for vision protection, and also some people use spectacles just as a fashion accessory. These are the four types of products and four types of segmentation that occur in a traditional eyewear.

But when you look at this smart eyewear, or the smart glasses, the segmentation could be completely different. One is improving, how do I make this spectacle more effective? And how could I improve the usage? And how could I increase the functionality of the spectacle and how would I make this smart glass applicable in different segments and in your application.

So, when we talk about the effectiveness for example, if the refractive nature of the glasses is varied, depending upon the light conditions through which the person transports you are going to change the effectiveness of the smart spectacle. Similarly, if the smart spectacle is designed for reading at a particular distance, and if he is keeping the book too far or too close, then you can say that you are going to get a notification and then he will adjust his distance properly.

Similarly, some a student is wearing a smart glass, and then we have discussions on certain reference books. And it is quite possible that you will be able to read those books on this smart glass simultaneously instead going through a publication and then or reserving the issue for late night reference later. So, the functionalities that could happen through a smart eyewear could be anonymously, wider and broader.

So, it is a novel technologically differentiated product. Therefore, it could also be a disruptive product. So, we have business strategy that could be developed for a very traditional product, and it could also be developed for a very disruptive product and the principles are same. But the way the business strategy is developed becomes substantially different.

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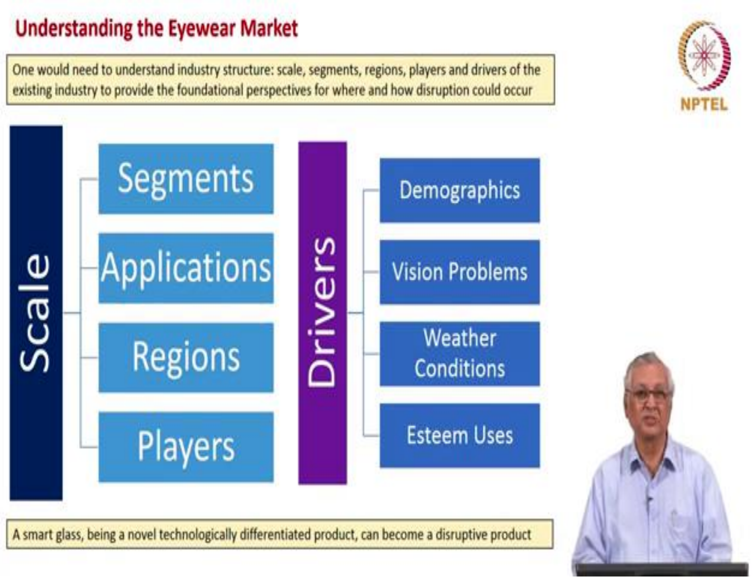

So, when you look at the eyewear market, it you will find that the it is driven by a certain scale and is driven by certain drivers. Why is it important to a smart glass manufacturer to study the classic eyewear market?

That is because what you're trying to get is going to be a part of that. We have seen in earlier discussions, how flash disc or the memory sticks, which came at one end of the market quickly occupied the entire market space by getting technological performance which is far superior and also cost performance which is far superior to the traditional computer storage devices.

Similarly, you should understand what the total eyewear market is? We understand that the global eyewear market is about 108 billion dollars. So, we are talking about a market which is huge and the segments, the applications, the regions, the players they determine the scale together. And what are the drivers? The aging population is one driver, the vision problems which people have irrespective of the age, this is the second problem.

The weather conditions the, the sunny weather or the cool weather and the kind of dusty weather these are all conditions which drive the usage of spectacles as well. And finally, you have the esteem users. So, we have one hand scale and on the other hand the drivers which define the total eyewear market as 108 billion dollars.

Now, when we say that this smart wear could be a disruptive product, the business strategist has to understand has to analyze the existing market structure and see where this product could be a disruptive product and how would he or she go about doing that market disruption.

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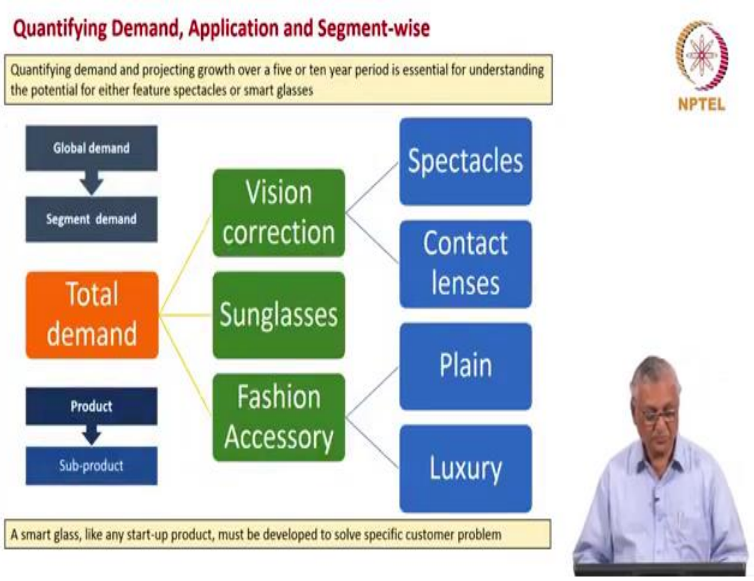

In any industry, there are two areas in which you can look at fundamentally to understand the demand. The total demand is an agglomeration of demand from various regions, it is also an agglomeration of the demand for the products and the sub products. We have already considered that we have got three types of products in spectacles.

One is the vision correction again subdivided into spectacles and contact lenses, you have sunglasses you have fashion accessories, again which are plain and luxury. However, a smart glass must be developed to solve a specific customer problem, in which case, would I be substituting which segment and how would I do that is the problem which the business strategist try to address.

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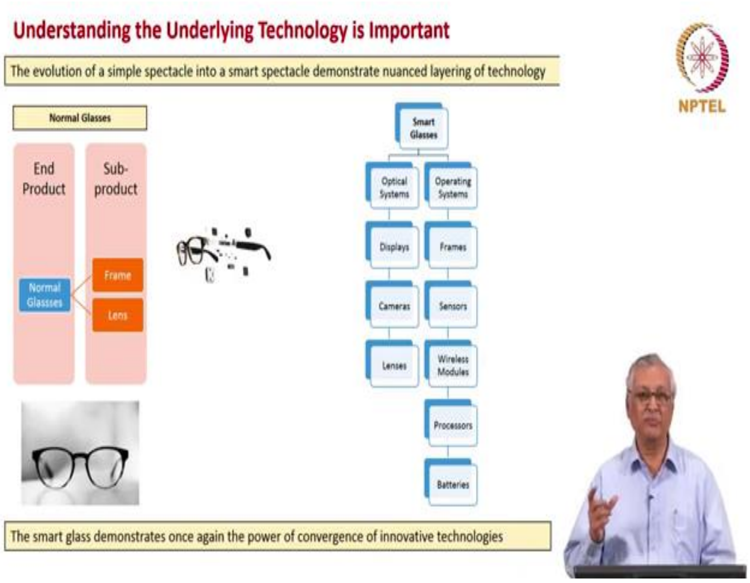

But to be able to do that, and strategist must understand the underlying technology in a much more perceptive way than putting just numbers to a business plan. When you look at a normal glass, it is a simple product you have a frame or the chassis just as an automobile has, and you have a lens that is all this product has.

Ofcourse, the material of the lens could be of different material characteristics the frame could be of different characteristics, but the not much is different in terms of the overall composition of the spectacle, irrespective of the segment and the usage.

But on the other hand, when you look at the smart glass, the delineation is completely different, you can see the smart glass as composed of two types of systems, one is the optical system. The second is the operating system. So, as spectacle does not have any of these things to be classified in this manner. And the optical system comprises the display, the camera, the lens, to quote three important aspects.

And we talk about the operating system, we have the frame, which probably houses all the operating modules, the sensors, the wireless modules, the processes and the batteries. So, smart glass, although it carries the name from the normal glass, the composition of the product in terms of its technology in terms of its sub products, the systems and the components is substantially different.

It again demonstrates the power of convergence of innovative technologies, quite possibly smart glass may have competition from other smart wearable products as well. So, somebody who is developing a business strategy for smart glass cannot afford to be ignorant of scornful of what a smart watch could do for example, therefore, one needs to understand what else is happening the smart wearable stage and how these operating systems and the optical systems could be made more competitive relative to the other smart wearable products.

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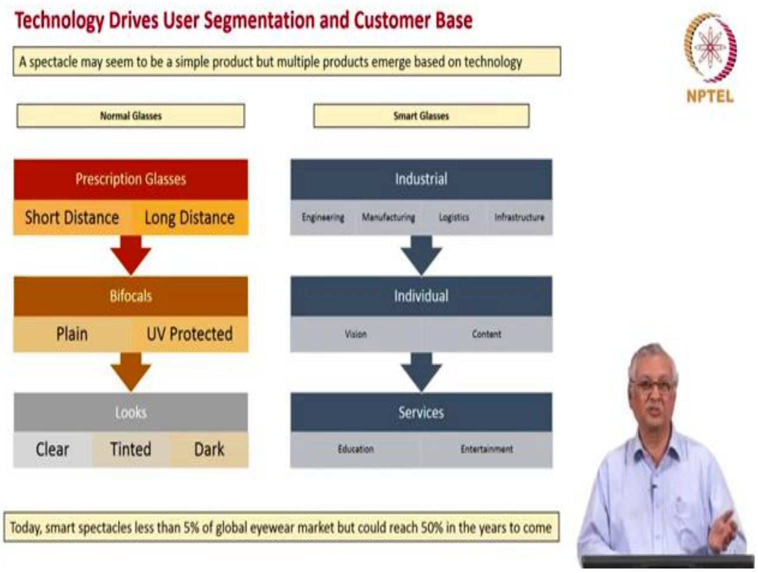

As I said, when this spectacle is seem to be a simple product, multiple products also emerge based on the technology, we have got the prescription glasses, which are defined as short distance and long distance bifocals, plain UV product and looks clear, tinted, dark dark, but this is a rather easily definable circumstance.

And we also should note that the companies engaged in these products have been trying to develop technologies continuously. There was at one point of time no bifocal, you always had a separator in the lenses, but today we have got bifocals and also bifocals designed for different vision spectra. But that is a kind of limited product development, but when we talk about smart glasses we may have uses across the industries.

You may have the use in engineering, you may have the use in manufacturing, logistics, infrastructure, for example, you are in a warehouse which has got several stories of goods stored, your smart glass may help you read what is there on the top the barcode very easily without really looking at the computer or doing something. So that could be a probable usage.

Similarly, it could be useful in architecture to understand the kind of contours that are developed and how they will be felt by the human eye and how could it be made more effective. And when we talk about individual vision has been the traditional area but content could be a completely different set of objectives fulfilled by this smart glass.

Similarly, in terms of services, it could be in education and entertainment. Now, you have got a totally different segmentation of the market, a totally different product functionality set that is available through the smart glass. So, making a business strategy for a smart glass is a challenge and if a startup thinks that I am just developing a product probably it is kind of understating its ability, and if it says that I am for every smart glass application, probably it is over stating its ability.

So somewhere the golden mean has to be struck and to be able to strike the golden mean, the business strategist has to understand the existing spectacle, industry structure and strategy and also understand what all the smart glass can accomplish in terms of its underlying technology.

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As with every product, the business plan is built on four product-market themes. One is existing products, existing markets, therefore you try to penetrate those markets more effectively and become a market leader. The second you are strong in certain existing markets and you would introduce new products. And that is the second more important way of expanding your business.

The third one is existing products, you try to take them into new markets, which is the goal of internationalization of your product portfolio. And finally, new products and new markets.

So, when we do the growth planning through a business strategy or a business plan, we try to map our product range in terms of these four characteristics. And each characteristic has got its own cost structure as also its own price structure.

And the difference between the price structure and the cost structure for each of these grids provides to the overall foundation for the viability of the company. And the more granular this grid is the more assured you are in approaching your future.

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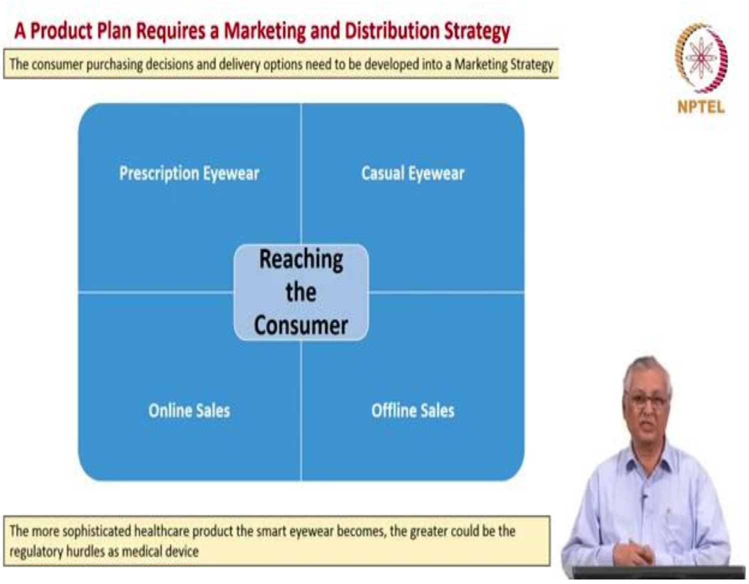

A Product plan also requires a marketing and distribution strategy. As I said, we will look at certain functional strategies at a later time in the course, and marketing and sales would be one of those areas under that we could look at distribution as well.

So, when we look at the spectacle, how do I reach the consumer? You can read the consumer through direct advertisement, or you can reach the customers through the prescription eyewear approach, you can reach the customer through the online sales or through the offline sales, when you look at established optical marketers like Turakhia and other places and other leaders, you can see that they are offline companies.

On the other hand, when you look at Lenskart is a very strongly successful online sales platform that has come up. And the more sophisticated the healthcare product, the smart eyewear becomes, the greater could be the regulatory hurdles as a medical device that is also important.

So, on one hand, you can say that smart glass will occupies more spaces than ever imagined by the spectacle, but at the same time when it tries to accomplish more than that, in terms of technology, it may be treated as a medical device and therefore, there could be other regulatory hurdles that the company would need to face. So, all of these act activities need to be understood and then proper business plan developed.

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So, to summarize, the business plan of a company must guide the firm in terms of three basic parameters. One, what are the growth drivers for the company, what businesses I am going to operate in, what markets I am going to address, what products I am going to offer and what would be the market shares that I could hope for. And the market shares could be substitutional or could be expansionary.

That is take away the market of the existing product or just add additional share by expanding the overall market. What would be the main revenue and what would be the price structure? And secondly, what are the cost drivers? To be able to accomplish all of these things what would be my investment costs in terms of R and D as well as facilities and what would be my operational costs.

And as you can see from the model of let us say Lenskart, it has moved from an import dependent lens model frame model to an vertically integrated centralized production and distributed online marketing model. So, there could be a different way of addressing the issue.

But ultimately all of these things translate themselves into cost drivers and therefore, it is important to understand the cost drivers and the surplus that is generated between the growth drivers and the cost drivers, you get the viability of the company, what would be the profitability, what will be the return on investment.

So typically, a financial plan, which is developed as part of the overall business strategy process is the capstone of the good business plan, but the financial plan alone is not the determinant. It can only be as good as the underlying business assumptions as good as the functional strategies. Therefore, it is very important to look at financial model as something which is realistic based on a realistic business plan.

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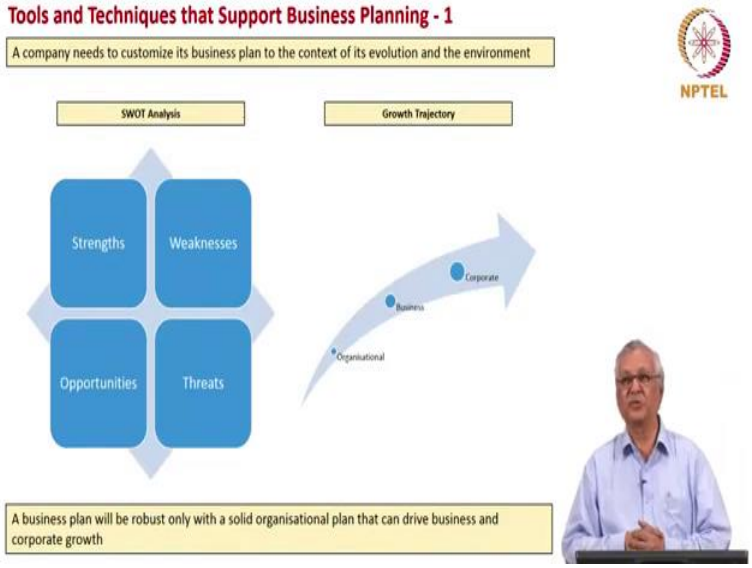

So, having said that, let us spend some time on the tools and techniques that support business planning, I would like to talk about 7 or 8 tools which are available and as you can appreciate understanding business strategy, strategic management itself is a full time course. And there are several reference works which are available, and you would be well advised to look at them if you are more interested in developing the business strategy.

But fundamentally every company does this the first tool which is this SWOT analysis, what are the strengths and weaknesses that I have as a company? What are the opportunities and threats I face from the environment? So, depending upon how we set the context, in terms of our strengths and weaknesses, and the opportunities and threats, we will know how we can build the organization.

How could I make my organization stronger? How could I build my business more profound? And how could I move from just being a business to a larger Corporation? A business plan will be robust, only with a very solid organization plan that takes into account the company's strengths and weaknesses, there are many ways an organization can try to bridge the strengths and weaknesses the firm has.

So, that is the fundamental analytical technique which is available, it has been available for decades and it is getting a little more granulated.

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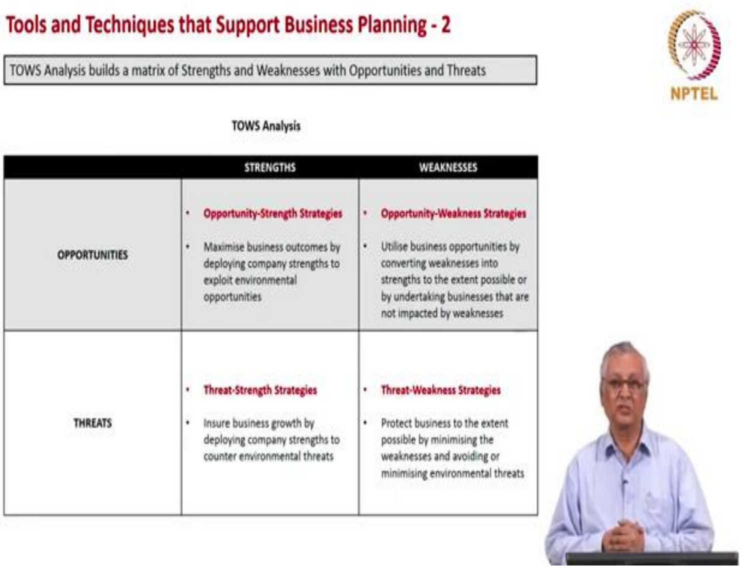

And when you have your strengths and opportunities, when you have your threats and risks, then there are certain ways in which you can try to maxi-maxi or mini-mini your operational performance. So, when you say that, how would I exploit my opportunities using all my strengths, that is one way of looking at it. The other way is that how do I exploit my opportunities overcoming my weaknesses, that is the second way of looking at it.

Then how do I overcome the threats I face utilizing the strengths that I have? And how would I cope with the fact that I have got certain strengths and unfortunately, I also have got certain weaknesses that puts the firm in a very vulnerable situation, how would I protect my business to be able to be out of vulnerability zone of this particular combination.

So, this tools analysis springs from the strengths and weakness analysis and instead of just stating the strengths and weaknesses or opportunities and threats as just kind of laundry list of items this tries to marry the strengths and weaknesses, opportunities and threats in a kind of logical way of addressing those four factors.

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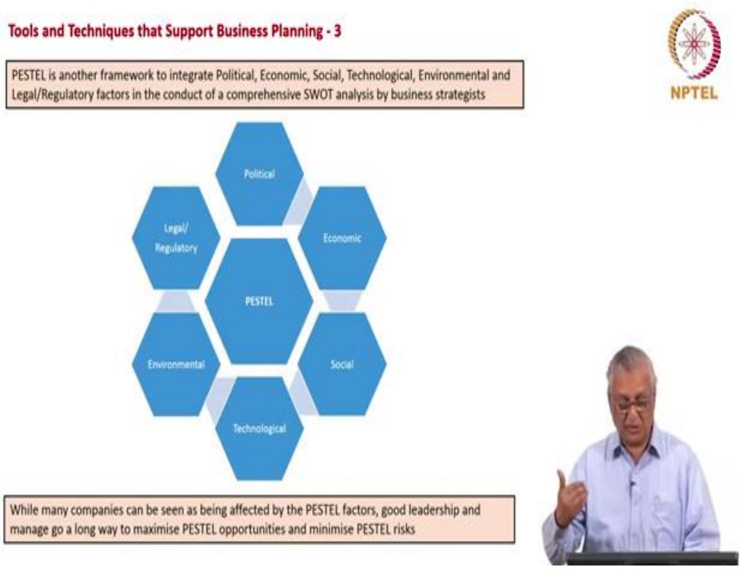

Then we have the PESTEL analysis, which talks about political, economic, social, technological, environmental, and legal or regulatory aspects of the business, this is little more expansive related to the understanding of environmental opportunities and threats.

One thing I would need to talk about here is that many times when we see that the company needs to take care of this legal environment the company needs to take care of the political environment one would really need to understand whether it is due to the factors per say or the management and the leadership of the company itself has led to this.

For example, you talk about a telecom company, which is facing grave pressure on its operations due to the need to pay up AGR dues, which are there for several-several years, and the operations being vulnerable. But when you see it in current context, and if the business strategist draws up his business strategy for the firm, you will say that these are the PESTEL factors and the legal regulatory framework is very daunting.

And it has got a strong influence on the course of events in the company. But if you really hop back to the older times, why did it happen? It happened because of somewhat misreading of the market developments. The company did not read the environmental opportunities and threats properly, the move from 2G to 3G and then 3G to 4G was delayed for whatever reason.

Similarly, the marketing effectiveness was blunted. And also, even though the company was contesting the AGR dues it did not provide for an adequate buffer for it to be able to cough up the dues if there were to be a kind of legal decision in favor of giving the dues. Therefore, you can trace the strength of the dominance of these PESTEL factors to the dominance or the goodness of the leadership that exists in the company.

So, business strategy is a good technique, good methodology to understand the company and plan the progress of the company. But again, nothing substitutes good leadership and good management in making sure that the company is able to progress in a good and prudential manner.

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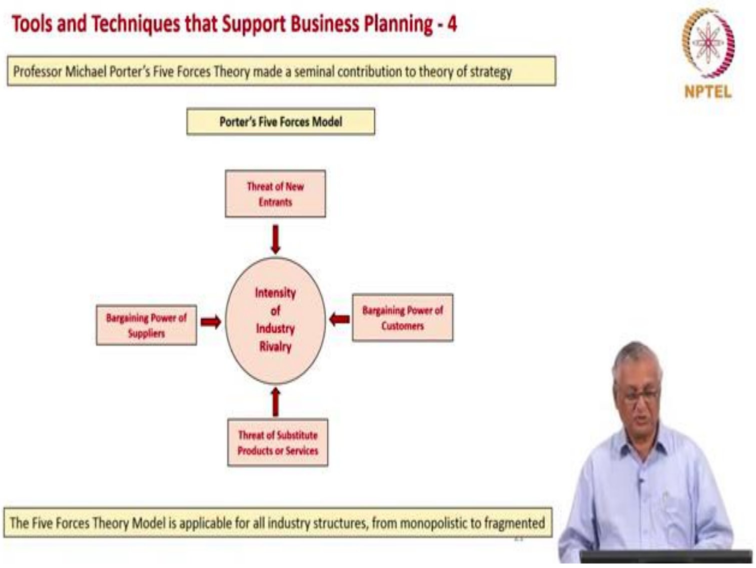

Another tool is the Porter's five forces model anybody who understands strategy or who addresses strategy understands this model, which talks about the threat of new entrants, bargaining power of customers, threat of substitute products or services and the bargaining power of suppliers.

Now how would you understand this? If you are a kind of spectacle manufacturer, obviously, threat of new entrants could be this smart spectacle which could be entering the market. But if you are seeing from the viewpoint of the smart spectacle company, what is the threat you are having, you are not having any threat. So, while this model is good, you need to adapt this model and contextualize this model to this specific requirement as you may have.

And also, from the time this model was first prescribed, let us say in 1980. Today, the situation is completely different. You may say that the economic forces that are operating in the world order, those forces are dictating the industrial forces in a much more differentiated and impactful manner.

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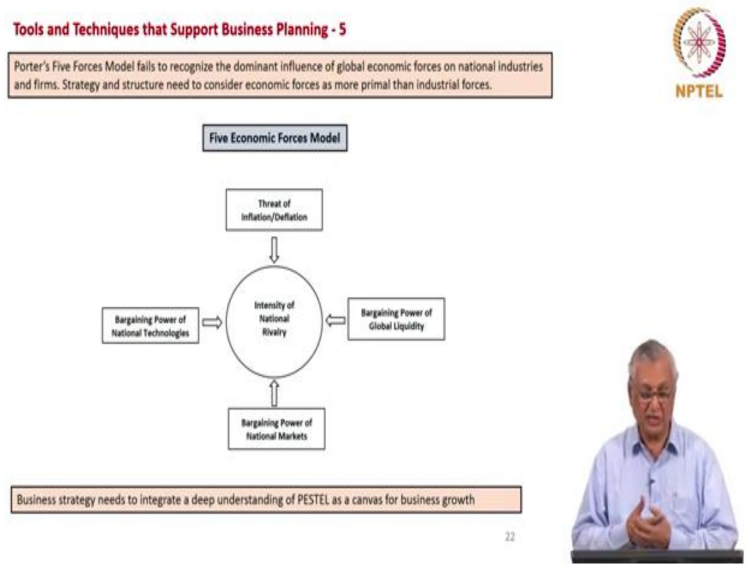

Therefore, we also have a five economic forces model, which we think is very relevant now. The first threat is the threat of inflation or deflation. If the economy inflates or if it deflates, there is a particular type of industrial force that gets generated and if the global liquidity exists in certain countries, and that liquidity can flow to our country but also flow out of our country depending upon how the opportunities and reward mechanisms exist in other countries then there is a bargaining power that global liquidity has.

Then you have got the bargaining power of national technologies. Today, we understand that certain nations have certain advanced technologies in their midst and those technologies provide the bargaining power, like you want to modernize yourself with high speed trains, certain technologies are available only with certain nations. So they have bargaining powers associate with those national governments.

At the same time, a country such as India can offer the power that the national market provides therefore, there is that power which we are having within ourselves. So how all of these things bulk together and create an alchemy of national rivalry, and how do you analyze that and how would you really fit with the Porter's five forces model which is very industry specific and which is also very competition oriented.

Whereas, when we talk about these things, we move the needle from competition to collaboration, how do we collaborate with different national contexts? How would we kind of navigate through the economic forces and how would we achieve our goals?

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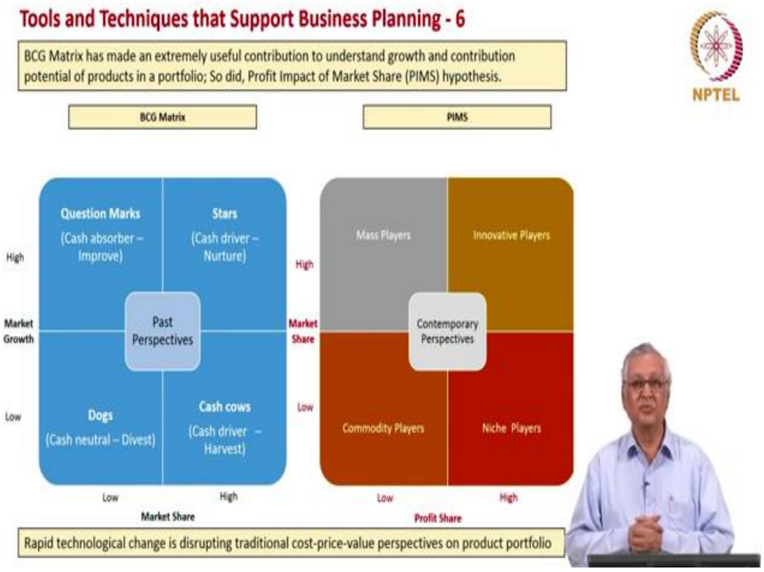

Then we have the BCG matrix and the profit impact of market share matrix. Some of these are very elegant from a kind of structural point of view, but in again in today's situation, it is very difficult to define purely in terms of the earnings potential or in terms of the market share potential what products to be had and what products need to be divested.

BCG matrix for example, talks about the market share and market growth and those which have got high market share in high growth markets they are the star products and if the market growth is low, but still the market share is high. You have cash cows then there are question marks and then there are products that need to be divested.

But then market share and market growth would not be the only criteria. In todays world, for example, you look at Toyota’s product lineup, price as a hybrid model has been languishing in a low growth market and also in a low market share situation. But that does not mean that it is a product that had to be divested, in fact, that is the niche product that needs to be built for the future.

So, when we apply some of those techniques, which are in a way dated to the 60s and 1970s, we need to be really respectful of the role of technology in influencing strategy. Product development cycles are no longer going on for years, model years change every half year in today's circumstances too. So, to apply these kinds of models, we need to be very cautious as to in what context we will apply these models.

Similarly just because the market share is high, we cannot assume that the profit share is high if you are operating in a generic product very well you must you must need a high market share that does not assure you high profitability, because the commodity market is highly generalized and you operate on thin margins.

So, these are useful guidance but at the same time, we need to apply the technological dimensions on these grids and see how they can be used by us in our business strategy.

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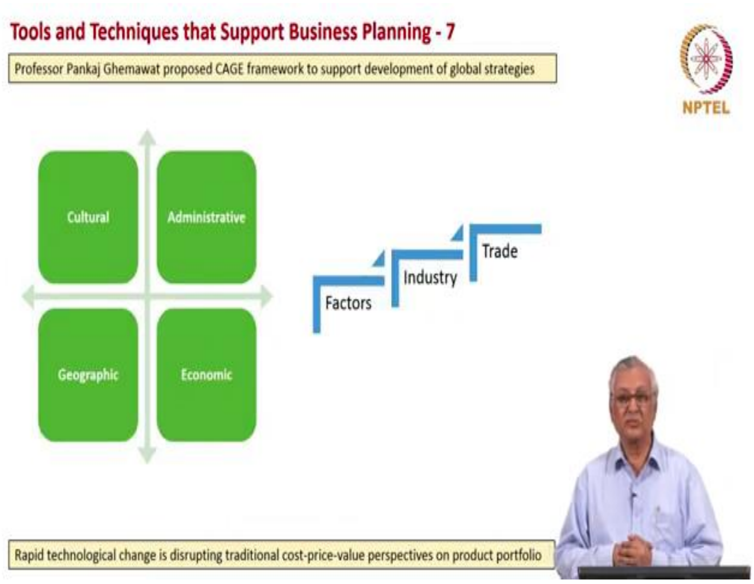

Then, we have got the CAGE, which professor Pankaj Ghemawat has proposed. And he says that the internationalization of our manufacturing capabilities or internationalization of our market needs cannot be just a product market match, it is much more than that you have got the cultural factors, the administrative factors, geographic factors and the economic factors that determine.

So it does not mean for example, if the geography is next to you, it is that the internationalization takes place in the culturally the countries are different and economically and politically the countries are different probably you need to look at an 8000 miles distance land rather than 80 miles cross border opportunity.

Therefore, what factors impact internationalization, how each industry is impacted by these factors and what kind of trade can take place depends on the CAGE framework or analysis of beyond product tractors.

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Then we have got this Blue Ocean Strategy. Again, I would say that some of these strategies are useful for startups, some of them are of academic interest. Probably blue ocean strategy is very useful for the startup because it talks about creating a completely new market space completely uncontested market space and that is what a startup tries to do. It tries to create through his product a market which has not been there.

So, there is no red ocean as far as the startup is concerned. And it does tries to do it ahead of customers and also it tries to redefine the cost-volume-value-price relationship in a completely different way. Only a pioneer can do that. And when that is done this uncontested market space together with the redefined cost price value relationship, the startup can say that yes, I am the sole sailor in the blue ocean of opportunity that exists.

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So, to sum up to drive growth business strategy needs to be driven by four very important aspects while understanding that the product strategy is critical to business success, we should also understand that the product strategy has to be technology driven, it cannot be just improvement driven.

Secondly, while understanding that solving a customer's problem is vital for building a business, we should understand what really customer centricity means and how would I really understand the customer's needs. We talked about design thinking, working with the customer staying with the customer, ideating for the customer’s needs and that is what needs to be done to be the foundation in terms of the customer centricity to the business strategy.

Then we also saw that the there are bound to be strengths and weakness of an organization there are bound to be opportunities and threats and the challenges of developing technology delivering products. Getting into the market is not a main challenge. Therefore, we need competencies the organization has to have organizational competencies to manage these growth drivers as well as the cost drivers.

And finally, there is nothing like in these days, sustainable competitive advantage, however, nice the term is, is difficult for a company to have by a set of strategies a sustainable competitive advantage which will help in the long term also. So, the competitive advantage has to be continuously reinforced.

And we have seen through certain examples, how good leadership and good management is essential for the company to take advantage of the PESTEL factors very effectively and also minimize adverse PESTEL factors as it goes on.

Therefore, competency building through good leadership and management is very important for a company so, to drive growth business strategy needs to have these four foundations and also for driving anchors.

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And typically, the stages in developing a business strategy and business plan are as follows. First you do a SWOT / PESTEL review, then you set the vision mission and goals. If you are doing the business strategy for the first time probably you will do these activities for the first time, but if is a recurrent business strategy exercise, you reaffirm or fine tune them.

Then you analyze what are the strategic options I have, how do I define my business and what are the boundaries of the industry should consider then you get down to the product market matrix, the four grids which we talked about, then on that basis, you develop a product portfolio strategy, which you try to convert into an operations strategy.

And from the operations strategy, you move on to the marketing strategy and to be able to do all these things, you require an organization which can drive the entire spectrum of activities then you understand the cost and price of doing this because organizational costs are also important element of cost and price analysis.

Many times, companies try to do a material oriented cost and price analysis, but that is not enough, we need to understand the total organizational expense and then drive the cost and price analytics. Then you get into the business model which is further evaluated through a financial model and you freeze the business plan.

So, this is the integrated framework you would have to develop business strategy of the company and develop an accompanying business plan. As I said that startup may not require a completely detailed and elaborate business strategy and business planning exercise as an established firm would need to.

But the principles are the same, the guidance mechanisms are the same, the tools and techniques that could be used are the same. And the learnings that come from business strategy exercise are also the same. Therefore, the startup also must master the art and science of developing a good business strategy.