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<b>Student's Full Name</b>	<b>Soudod Naseeb Abu Arar</b>
<b>Student ID:</b>	<b>EIU 2020763</b>
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**E-SIGNATURE:**

**DATE:**

01/06/2022

### EIU Paris City Campus

**Address:** 59 Rue Lamarck, 75018 Paris, France | **Tel:** +33 144 857 317 | **Mobile/WhatsApp:** +33607591197 | **Email:**

[paris@eiu.ac](mailto:paris@eiu.ac)

### EIU Corporate Strategy & Operations Headquarter

**Address:** 12th Fl. Amarin Tower, 496-502 Ploenchit Rd., Bangkok 10330, Thailand | **Tel:** +66(2)256923 & +66(2)2569908

**Mobile/WhatsApp:** +33607591197 | **Email:** [info@eiu.ac](mailto:info@eiu.ac)

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**MGT520**

**Managing Business Strategy**

## **Introduction**

Strategy is a set of basics, methods and approaches that determine the mechanism of action and decision-making responsible for delivering organizations to their goals. The task of the strategy is to chart the right path that the company should walk on to make the right decisions, monitor and distribute resources, understand the internal and external conditions, and everything related to reaching the company's main goal. The company and its members should not do it, and it defines the work that must be performed and its priorities, all in order to achieve the desired goals of the company, and from it we see that the strategy is the plan that officials should put in place to organize all the work that takes place in the institution. Strength in the company (relationships between employees, ways of winning customers, ways to maintain customers, times when products must be updated or discontinued...), as it is not the company's vision, but rather the general image that must be followed to achieve this vision. (Watkins, 2007).

## Strategy Schools

The strategic schools were divided by one of the most important scholars in the field at the present time, "Henry Mintzberg", an author in the field of business and management. The schools of strategy were divided before him into two groups according to two different approaches: Perspective and Descriptive. (Mintzberg,2005)

**Firstly**, the "descriptive" approach, which studies decisions according to previous experiences and lessons learned from previous experiences, then studies and analyzes them according to administrative and related sciences. This curriculum divides the strategy schools into seven schools, which are(Mintzberg,2005):

### **Environmental School:**

It is the school that depends on the study of the environment surrounding the company and considering this environment as the active element in the selection and planning of the strategy and not just a factor as seen by the rest of the schools, PESTLE analysis is used in this school where it monitors the political, economic, social, technological, legal and environmental factors, which are the factors that express the medium external influence that can affect the business of the institution. For example, a water bottling company should be set up in a water-rich area and the strategy should be formulated on this basis.

### **Learning School**

This school depends on that the formulation of the strategy must be done through previous experiences and the accumulation of experiences, and the lessons learned and the mistakes that

occurred in the past must be the basic building block upon which the formula of the strategy is built, but this school does not fit the newly established institutions, as these Institutions will grow their strategy very slowly and it will take a long time to adopt a strategy based on the school of learning, so this thing will threaten the institution's falling into the trap of working without a strategy.

### **Entrepreneurial School:**

This school adopts the strategy that is approved and formulated by the leader who set the vision and who leads the team within this organization. They reject it as they did not participate in its formulation and did not have an opinion on it, so this strategy may - in their opinion - be inappropriate for them or unable to, and here comes the role of the leader in managing team resources and the right ways to motivate and inspire them to provide the best performance and Convince them of its vision and importance.

### **Power School:**

It is the school embraced by companies and large organizations that can impose themselves by the strength of their capabilities, resources and teams that work on the ground, since this school is based on the presence of two opposing forces, the first of which is the relationships and interactions that occur within the company between its members, and the second force: the relationships between the company and the external environment Like suppliers, competitors, and even government agencies

**Cognitive School:**

According to this school, the surrounding circumstances related to the work of all the company are studied, and thus the strategy according to this school is not a final plan to be worked on, but rather a project that grows and develops according to the survey of customers' opinions, as the organizations that adopt this school develop their strategies according to customer satisfaction and Their desires, as you conduct measures that study the behavior of customers and their response to external conditions, and these measures are the basis for developing the strategy.

According to this school, strategy is a mental process that takes into account several angles to read reality and the surrounding environment that are difficult to understand, and therefore the formulation of strategy is not a planned process, but an emerging and gradual one. This concept assumes that organizations following this concept develop their strategy by analyzing the psychological needs of their customers. When formulating its strategy, the company will focus on the needs and desires of its customers, which means that it conducts an analysis of behavior and how people respond to certain situations and then uses this information to help them formulate a strategy. (Sadler, 2003)

**Cultural School:**

This school depends on the cultural and social backgrounds that are common to workers in the organization, and the school is useful in understanding the alliances that occur as a result of the common culture and integrating these alliances in strategic planning. (Hyde, Grunhaug & Johansen, 2002.)

### **Configuration School:**

This school is based on a mechanism of permanent change to suit the surrounding environment and the market situation, where there is always a reassessment and a reformulation of the strategy. In theory, this school offers a modern and constantly evolving strategy, but in practice, working in this way will face major obstacles, including insufficient flexibility in the organizational structure or for employees working in the company, as they may not be able to permanently adapt to changes. (Mintzberg,2005)

**Secondly**, as for the other approach, it is the “Perspective” approach, which assumes that the development and planning of the strategy depends on adapting to the variables and dealing with the external environment to achieve the goal. On this approach, the strategy schools were divided into 3 schools (Mintzberg,2005):

### **Design School:**

This school is based on the study of the internal factors of the company and the external factors surrounding it, and this is done through SWOT analysis, which studies the weaknesses and strengths that give an image of the internal situation of the company, and studies the opportunities and threats that convey the image of the external position of the company (competitors - the market - Supply and demand ....). (Issayev, Masalimova & Magzumova, 2018). And one of the advantages of this school is that it does a full study and can clearly explain the situation of the company at the present time, but its negatives are that it lacks flexibility as it does not take into account the continuous change in the current work environment and cannot keep pace with changes quickly,



as it provides Analysis and a clear picture of the company without considering the capabilities and challenges of its employees (Thomson and Strickland, 2003).

### **Planning School:**

This school is based in planning its strategies on assumptions about reality and the future and setting the strategy on the basis of these assumptions, is a good method and produces a strong and coherent strategy, but it is somewhat far from reality and often sets a far-reaching vision, and companies that are based on natural resources work on this school, such as companies extracting precious metals. (Mintzberg,2005)

### **Positioning School:**

It is the school that combines the previous schools, where it studies the internal and external environment as in the Design School and provides an assumption for some things as in the Planning School and tries to take advantage of the advantages of the two schools, but one of its disadvantages is that it will focus on certain areas of strength and neglect other areas that may lie in it Great power and resources. (Mainzberg, Lampel, and Ahlstrand, 1998).

## **Selected School of Strategy**

In my opinion, I see that the school that must be the basis for developing the strategy for JUST TOYS is a Cognitive School because it will depend mainly on the behavior of its customers "children and their families" and their reactions to the products and the extent of their needs for them, as well as because the company is newly established and it is not possible to work according to Power School Or Learning School because they depend on previous experiences that will not be available in the company now, and they also depend on the reason for power and control in the market to impose concepts and also is an advantage that does not exist in our company, and Positioning Schools will be ideal for a new company.

So it is a good idea to combine the two schools and work on their basis to plan a coherent and robust strategy for JUST TOYS.

### **Competitive advantage**

What is the competitive advantage?

It is the application of a strategy capable of giving attention and value to the customer that the current competitors cannot apply, and it distinguishes the company from others, and makes customers feel this distinction and are attracted to it. (Barney & Hesterly, 2014)

Through some, we note that the gaming industry is a very competitive field, and this is what makes it grow significantly compared to other fields. In 2019, the sales of this field were \$90.7 billion, a growth of 0.5% over the previous year. (NPD Group, 2020).

To achieve this advantage, the company must choose one of the following methods (Porter, 1980):

### **1. Cost Leadership Strategy:**

This strategy depends on companies that produce materials similar to those produced by competing companies, and there is no difference between them in terms of form or quality, and this happens in sectors that produce certain materials whose quality cannot be changed or provide different types, and here the competition between companies is based on reducing the cost in production. , since the company's ability to reduce its production costs enables it to reduce its prices by offering a competitive product at the price level, but when the price is unified, as is the case in some sectors, economic systems or countries, here the company's ability to reduce its costs helps it increase its profits. This will help support the company and its development (Porter, 1980)

### **2. Differentiation strategy:**

When there is flexibility in production methods in terms of the product, one of the strategies that play a major role in competition and the company's proving itself in the market is the differentiation strategy, whereby according to this strategy, products are produced that are distinct from the competitors' products with a certain thing, this distinction may be a value Additive, such as detergent companies that provide an additional value to the product for free, and the distinction can be the quality of the product, ease of use, ease of ordering and receiving the product, or free delivery of it .... etc., and this strategy is one of the most important strategies on the basis of which competition is conducted in our modern markets and creates This strategy is a major development in production mechanisms and ideas (Porter, 1980).

### **3. Focus strategy:**

The focus strategy is based on that the company will focus on a specific category of its customers and provide them with offers, ideas and products that suit them, and the company will always try to maintain this category of customers by satisfying them and securing what they need and deserve. Focusing on a specific group in a specific geographical place - especially the newly established companies - provided that their resources are distributed to many groups and large geographical areas, as it is possible that these large resources will not lead to the desired result of them being distributed and not focused on what is required. Here, Porter records two ways this strategy works (Porter, 1980):

- a- Low cost focus strategy: here the company gives the target group the lowest cost of attracting them.
- b- Differentiation focus strategy: where the company focuses on a particular category and produces products with specifications that fit that category.

Just Toyz will adopt a strategy of focusing on the basis of differentiation, so that the company is new and in my opinion, it is not desirable to adopt a strategy based on competitiveness based on price because it is a strategy that may break according to the whims of the market, a change in the supply of raw materials or their prices may lead to a major problem in the Competing the company's products in the market, and here we find that the strategy of focusing on the basis of differentiation benefits the company more, as the company will produce healthy and high-quality toys for infants, our main work will be with this category of customers, they are infants, whose parents will be important to use products and toys Guaranteed in terms of health as well as of high quality in terms of its potential to develop the child's awareness and interests.

## Organizational objectives

“A good plan depends on a clear understanding of your long and short term goals”. (Banks, n.d)

Objectives are divided into two parts, long term goals and short term goals. We note through the study that the short-term goals are achieved one after the other by walking the path leading to the achievement of the long-term goals. (Ansoff,2007)

Now let's define the company's **short-term goals** (Ansoff,2007):

1- Starting to employ health, education and children specialists to provide us with ideas about products that will combine the three areas with a game that the child will need and that will provide him with benefit without any health or psychological harm to him.

2- A marketing campaign will be set up by creating a website for the company, as well as pages on social networking sites, Facebook, Instagram and even Twitter. Through this campaign, the company's logo will be published and installed in the minds of customers, and the idea of the product will be presented to be available to all customers.

3- Setting up a survey campaign via Google Form, through which parents' opinions about the games they offer to their children under two years of age are surveyed, and what they think of developing these products, and taking their opinion on the products that the company will offer, and the goal will be to complete 10,000 questionnaires and present the statistical study with its output within three months.

4- Searching for agents in multiple geographical areas, and the goal will be to secure 4 new agents in the first three months.

5- A competition will be held for designers to present the 4 best designs for toys that are suitable for the infant. The competition must be started and finished within 6 months, and the designs resulting from the competition should be approved as basic designs for the company.

**Long term goals:**

- 1- During the next ten years, the company will have a factory in every continent.
- 2- The company's name will reach at least 100 million people during the next 5 years, and this will be evident through visits to the company's website.
- 3- Achieving sales of 7000 games in the first year and selling 90,000 games during the first five years.
- 4- Signing contracts with hospitals, doctors and nurseries for children: 5000 contracts after 10 years.
- 5- Access to every home and every child during the first ten years.
- 6- Building bridges of trust with the parents of the children targeted by the company and conducting focused discussion sessions with them sequentially every week, which brings us closer to them and their understanding.
- 7- Providing a variety of creative games that aim to improve and develop the child's thinking and creativity skills, especially at an early age
- 8- Manufacture of toys that are safe, healthy and harmless to children.

## Just Toys - Strategic Plan

Strategic planning for any company is a process in which managers and decision makers define their vision and company goals, usually short and long-term goals. The importance of strategic planning lies in the company's need for direction and setting organizational goals. Strategic planning usually consists of four important aspects: mission, objectives, alignment with short-term objectives, evaluation and revision (Bigelow, 2022).

“In the face of uncertainties, planning defines the particular place you want to be and how you intend to get there.” Peter Drucker (Drucker, 2010, p.79)

Modern companies allocate a lot of resources to planning the strategy that determines the mechanisms of action, future steps, and the correct way for the company to move towards its vision.

The strategy is summarized in several points, including: the executive summary, the mission statement, the vision statement, SWOT planning and analysis

Let's start with the **Given Executive Summary:**

“Just Toyz is a Thai online wholesaler who supplies toys to both Japan and the United Kingdom. Just Toys was created as an internet startup and became a multimillion Baht company in just 36 months”.

The company wanted to develop a strategy and it was agreed on the appropriate school for the company after reviewing the strategic planning schools, where we found that it is one of the most

suitable schools for work and the competitive advantage was chosen, which is the advantage of focusing on differentiation so that the company could compete with other companies in the market and achieve its vision, and long-term goals were set. The short term is to be SMART, the vision and mission of the company will be developed and a SWOT analysis of the company's internal and external factors will be conducted.

### **Mission Statement:**

The mission statement is used to present in short and concise terms the reason for the existence of this company and the reason for it, which is often a short paragraph consisting of several words or even a single sentence through which the company explains its vision, principles and moral values.

Our mission at Just Toyz is **"To secure high quality and reliable toys for babies, your baby deserves to play and discover life"**

### **Vision Statement:**

Bibi shows how the company can influence the environment and the lives of customers, but it is not limited to this only, but it is the dream and the principle that determines the strategic planning of the company and its future plans and the ways it will go, and it is constant and always remains the same, and constitutes the inspiration and understanding of the employees within the company.

Our vision at Just Toyz is **"We will be with your baby to give him the best way to discover life to keep him healthy always"**



## SWOT Analysis

It is a matrix that was devised by four researchers at Harvard Business School in 1965, they are "Learned", "Christensen", "Andrews" and "Guth", where it is sometimes called the "LCAG model" as a sign of their initials, a mechanism to know the company's situation and help in the strategic planning of the company, as it gives a clear picture of the company's internal and external situation.

(Law,2022)

### Strength Point

- The strength of the company in the quality of the toys it deals with and their suitability for the health of the infant
- High interest in the category of infants and knowledge of the details and characteristics of their developmental stages through the company's staff specialists.
- The presence of a large market in the countries to which the company currently supplies (the United States of America and Japan)
- Availability of raw materials / wood / in the company area / Thailand / well
- Good financial strength of the company

### Weak points

- The company's recent era makes it in a position of inexperienced and it has to be careful in emergency situations
- Transportation and shipping costs.

- The inability of the company to control the cost price, which makes it more difficult to increase the profit margin

### **Opportunities:**

- Clients love the company and are interested in it through its great growth during the recent period.
- Working through the Internet achieves the company's great spread and opens new markets
- The ability to display the goods in other electronic stores after entering into an agreement with them
- The large population growth, especially in the Middle East, confirms the expansion of the category that will benefit from the company's services, namely children

### **Threats:**

- One of the threats that may threaten the company is that entering the market for a new company may force it to accept a lower place compared to other companies, and this is what makes it stuck in this place and makes it more difficult to get out of it in the future. (Johnson, 2016).
- The company's work depends on supply and shipping, and this will make it more difficult to work in some countries that impose restrictions on this type of trade.
- The Russian-Ukrainian war threatens with economic problems that may extend shipping mechanisms, prices, or even the provision of raw materials for products.

## **Conclusion:**

Success may seem easy to achieve, but maintaining this success and maintaining its growth requires good planning and high-quality implementation that walk the path to smart goals.

Hence, it becomes clear to us the extent of the importance of this study in studying the company's situation and setting goals for it in the correct academic ways that ensure sustainability for this company.

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