

MGT520: Managing Business Strategy



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COVER PAGE AND DECLARATION

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Student's Full Name:	MOHAMED FATHI ABD ELGHANI ABDALLA
Student ID:	EIU 2021053
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E-SIGNATURE: MOHAMED FATHI ABD ELGHANI ABDALLA

DATE: 07-10-2022

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

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Introduction

Strategic management is a science concerned with forming and evaluating overlapping functional decisions that enable the company or organization to achieve its goals. Whether it is short or long term

The strategy is very important for any company because it allows the company to analyze All processes for operational improvement.

The strategy can determine the vision, mission, and value of any company .it can major the goals of the company.

strategic management's practice lessens the operational risk by assisting the enterprise to innovate in time and take action beforehand.

any company without a strategy cannot achieve its goals because the strategy drives all employees and owners to achieve the goals. The goal without a strategy is just a wish. the strategy organizes all things and processes in any company. The strategy is different from one company to another companies, and any company has management. this management can achieve the strategy of the company, and any company has sources and ways to achieve the strategy. the strategy means what the company will become in the future. also, it is not easy for any company to create a strategy because it needs many searches, reviews, and market studies. The strategy is based on market research. the strategy requires tactics to put it into action to achieve the goals, such as how we can increase the relationship with the customers and how can increase the delivery of orders by the deadline date. also, how we can improve our business .to achieve the strategy of any company or organization need more cooperation from staff and work in teamwork because without this, the company

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can't achieve the goal if it has short or long-term goals.

Schools of Strategy

There are ten schools of strategy. These types of strategy help the company or organization to achieve its goals. any company can use one or multiple of strategy to achieve its goals.

These ten of strategy enough for any company to achieve its goals because any type from the school focuses on any important thing in the business



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1- The Design School

This strategy is focused on the design of the product or service the company will submit, and it searches for the internal and external factors that will conflict with the product.

Also, it makes an analysis for evaluating the internal environment to search the strength and weaknesses points and make an external evaluation to search the opportunities and threats to make integrated the internal and external factors for achieving the company goals.

2-The planning school

Planning school is focused on many levels of decision-making. The different levels allow the people who make decisions to analyze many aspects of strategy as a company

With the plan in hands of the leaders, the management gets a clear direction to move in for achieving the goals. this type of strategy focuses on the internal and external possibilities

3- The positioning school

This strategy is focused on how the customers can look and purchase our brand or product so that interest to make the differentiation strategy in the Customer minds through the high light on the strength things in the product or service. the position school determines as per the: -

- ❖ Product price
- ❖ Product Quality
- ❖ Product users
- ❖ Product differentiation

4- The entrepreneurial school

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This school focuses on the leadership and CEO of the company or organization and how we can use the opportunity or chances for making improvements or optimization in the company and how we turn around the company from a small to a big company and take big market share.

5- The cognitive school

This strategy can be described as how we can use our minds and experiences for improving our business, and it focuses on the past experiences of people and how the past personal experiences and knowledge submit benefit the business. This strategy is based on the thinking

6- The learning school

This strategy drive learning, the staff in the company learn how to improve the business and develop a strategy to try to achieve the goals. And use the available sources and give chance to let the new partners involved in the project and continuous improvement in the company or organization. As per this concept, all employees in the company can contribute to the final framework of the company strategy

7-The Power School

This strategy, from the name, focuses on power, and how one can use the power to achieve the goals of the company .in this strategy, the employees work in groups and at levels of power. A high level of this can achieve the interests.

8- The cultural school

This type of strategy focuses on the group, not individual benefit and how can solve the problems and how can keep the behaviors and symbols. focuses on common interests and integration.

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9- The environmental school

The environmental school focuses on the environment, and it sees that the environment is a big factor in the strategy .and the strategy will be determined by the environment .so that in this type of strategy will be different from one area to another area as per the status of the environment.

10- The Configuration school

This type of strategy focuses on the transformation to achieve the requirements of the environment required .and sometimes needs to transfer from one structure to another.

As per the above types of strategy, any company can compare them and choose the best type for it until achieving the goals. they are many types of strategy school because they have many different environments, .and any company should to focuses on them, and it is necessary when it create goals to choose goals that can serve the environment. Also, it is best for any business to have multiple ideas to achieve the company's goals. The management can evaluate the ideas and choose the better from them to achieve the goals. Also, the goals its necessary to match the environment required.

1-The best school for supporting Just Toyz growth

From my side, the best school for Just Toyz company to use the merge the Configuration school and the positioning school to can make growth in the internal and external environment. as per the below value of using two schools

The Configuration school

- A. Just Toyz needs to configuration to meet the needs of the environment .it; happens when transferred from one decision to another**
- B. The configuration can organization of Just Toyz surrounding context**
- C. The configuration tends to be researched and described by academics in Just Toyz**
- D. The configuration sees strategy making as a process in Just Toyz**
- E. The configuration sees the world in terms of nice, neat categories as per the concept of Just Toyz business**
- F. The configuration is not about change but about continuity in Just Toyz business**

The positioning school

- A. what situation in the company or market**
- B. let a company get more competitive.**
- C. Organizational structure is based on the choice of market position**
- D. positioning Schools see strategy-making as an analytical process**

So that it is best for Just Toyz to merge between the configuration and positioning school of strategy.

2- Competitive advantage strategy

In this type of strategy, competitive advantage means how can use the factors that allow a company to produce goods or services better or more cheaply than its rivals. And how the company has regular customers. this strategy focuses on how the customers continue with the company and purchase products or services from this company only

Achieving competitive advantage has 3 main approaches defined by Michael Porter (Porter's Generic Strategies, 1980). Porter claimed that a company must only choose one of the three or risk that the business would waste precious resources



1- Cost Leadership Strategy

This type of strategy focuses on how the company achieves its goals and takes market share by reducing the company costs, such as reducing the cost of operation, warehouses, line haul, last mile, and customer service. In this strategy, the company needs to sell a big

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quantity in the market until it achieves its goals. it should the employees be prepared either perceptually or economically to take the steps necessary for cost minimization, and know-how can implement to achieve the target and benefit. but the company needs to take care when using this type of strategy because it's not easy to implement this, and it will face many Challenges .and the company needs to study or review the other status of the other companies that implemented the cost leadership strategy. because when any company needs to start implementing cost leadership, it will face many challenges in this matter, such as technological changes. any company, when starting with this strategy, needs leaders to achieve its goals. because with this strategy, the company can earn above or average returns.

cost leadership strategy is not risk-free. One of the risks in this strategy is the operation or technology used. Because of the market, we see every day new events and new quality, and also, we see new ways to submit services when the company focuses on cost leadership, it can't understand the customer needs. in the other side, if the company focuses on Imitation, it will be risky in the future.

let's see some of the most brilliant Cost Leadership Strategy examples:

1. Ryan Air
2. Walmart
3. Primark
4. McDonald's
5. IKEA
6. Lidl

2- Differentiation Strategy

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This type of strategy focus on providing the customers with unique item or service, and the mean objective in this type of strategy is how we can increase the competitive advantage

The company looking to build a unique item or service and how it can submit the values to customers. The company needs many things to create the differentiation, and it is necessary to write this and try to develop it through many trials because the differentiation focus on quality, price, destination, and relationship

by using the differentiation strategy, the company produces distinctive products for customers who value differentiated features more than they value low cost. and focuses on high-quality more than low quality

For example, in the car markets, we can see Toyota submit a good product for customers. any company working with a differentiation strategy .it should keep this strategy

The Differentiation Strategy is not risk-free. One of the risks of this strategy is One risk of the differentiation strategy is that customers might decide that the price differential between the differentiator's product or service and the cost leader's product or service is too large. in the other side it has another risk that. when the company focused on cease to provide value for which customers are willing to pay only. but the customers may be focuses in the other option from the cost leadership.

For making a differentiation strategy for your company, you need to focus on the following factors: -

- i) Decide what you want to achieve and what the purpose of this**
- ii) Research your target audience**
- iii) Develop differentiators**
- iv) Tell your story**

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v) **Create a brand image**

let's see some of the most brilliant differentiation strategy examples:

- 1. Coca Cola**
- 2. Nespresso**
- 3. Rolls-Royce**
- 4. Zalando**

3-Focus strategy

This type of strategy focuses on the types of consumers and areas' status, also how to align the markets.

If the company trying to develop its business, it should be to make a SWOT analysis and determine the goals and targets of the strategy and understand how it can build relationships with customers and how the customers purchase products or services

The focus strategy is an integrated set of actions taken to produce goods or services

A focus strategy is a strategic approach that allows businesses to determine the niche market to target. Through this method, businesses focus on how to develop, market, and sell products in a niche market. As such, the approach helps companies identify the specific product lines to market, customer groups to target and geographical areas to cover.

By using this type of strategy, the company can provide many customers' needs according to regions and according to customer needs. The one who controls this kind of strategy is where it is applied. With the focus strategy, the company faces the same risks as does the company using the cost leadership or the differentiation strategy .One of the risks of this strategy is One risk of a competitor may be focus on a more narrowly so that may be can't

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take good market share.

let's see some of the most brilliant Focus strategy examples:

- 1. Amazon**
- 2. TOMS**
- 3. Frog Box**
- 4. Ten Tree Apparel**

Companies can use one type of these strategies or use a combination of two types of them to achieve their goals and in line with the needs of the market in order to maintain their customers and have a sufficient market share to achieve the required profitability for the company or organization.the company can integrate between the differentiation strategy and cost leadership to achieve the goals

The Competitive advantage strategy will help the Just Toyz to build the strengthen their marker shares in both of its international markets. To use the Differentiation Strategy by using this strategy, Toyz can grow in the international markets because the differentiation strategy has some benefits

- 1) Reduced price competition**
- 2) More stable brand loyalty**
- 3) Better profit margins**
- 4) Reduced product substitution**

Also, the differentiation strategy included the below points: -

- A. Creative flair**
- B. Engineering skills**

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- C. R&D capabilities**
- D. Innovative marketing capabilities**
- E. Motivation for innovation**
- F. Corporate reputation for quality or technological capabilities**

When Just Toyz focuses on the quality of products, it can make differentiation as well as focus on games that make the child focus on the use of technology and games that make children play in a group and not a child alone

By using the above concept, the TOYZ can make a differentiation strategy.



3- Recommendation to Just Toyz about the company's short-term and long-term goals.

First of all, we need to define the goals and short-term and long term goals. The goals set by any company must be realistic and according to the company's capabilities and should not be out of the ordinary or greater than the company's capabilities and resources.

Companies should do everything in their power to achieve their own goals to avoid leaving the market or not achieving the required profitability.

- I. **The goals: meaning anything needed to achieve at this moment, today, tomorrow, week, year, or in the future the maximum 12 month to achieve this goal**
- II. **A short-term goal is a something you want to do or achieve soon. The near future means today, this week, this month, or even this year.**
- III. **A long-term goal is something you want to do further in the future. Long-term goals Need to focus on many required time and planning. And they can't achieve in one week or month. Long-term goals usually take 12 months or more to achieve it**

For Just Toyz short-term and long-term goals

Short-term goals: -

1. **Implementing ways to help customers with creating orders and such as mobile applications, websites, call centers, or Interactive Voice Response.**
2. **Implementing ways to help customers to return products if needed and mention the reason for return and make analyze of this return to avoid it in the future**
3. **Make monthly analyze to keep any trends or changes in the markets**
4. **Generate many ways to help the customers to pay the price of products, such as (apple pay, credit card, cash on delivery, and Mada)**

Long-term goals: -

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- 1. Open five markets in the middle east**
- 2. Become one of the top 10 gaming companies in the world**
- 3. Increase sales qty more than now by 20% in the next five years**
- 4. Achieve a customer service level of 98 % in the next year**
- 5. Reducing cost of operation in the next five years without shorting the product quality.**

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4- Strategic plan including an executive summary, mission statement, vision statement,

SWOT analysis, and goals.

No one can't achieve goals without a plan

Executive summary: -

Just Toyz used the differentiation strategy to achieve goals until they had a competitive advantage against their competitors in the market. Also, Just Toze focuses on the mission, vision, and value of the company. Just Toyz will have a higher market share and will be able to achieve the short-term and long-term goals. It must do a SWAT analysis to know the situation of the internal and external environment for achieving goals globally.

Mission statement: -

It describes the company or organization's purpose a mission statement determined what of the business in a company, and why it exists, or what purpose it serves

(Jones. R. Gareth 2015)

Our Mission at Just Toyz is

“providing entertainment and fun to our kids by providing high-quality toys and introducing new types that make them feel happy every time they use our toys”

Vision statement: -

A vision describes what a company needs to achieve in the long term it needs much time to achieve it may be need of five to ten years.

Our vision at Just Toyz is

“To be one of the leading kids' toys suppliers in the world”

Value statement: -

A value statement. It means the guiding principles of an organization or company

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Our Value at Just Toyz is

“justice, honesty, humility, Respect for others and help others”

SWOT analysis: -

SWOT analysis is focused on the strengths, weaknesses, opportunities, and threats. SWOT analysis helps any company or organization to determine where a business is in a competitive business environment and what we need to do for developing the core business, (Sarsby Alan 2012)

	Helpful	Harmful
<i>Internal</i>	S	W
<i>External</i>	O	T

For Just Toze we can found the below SWOT analyze

✚ Strengths: -

- 1- New product development:** Just Toze doesn't stop working after a project ends. On the contrary, you start developing a new product after you finish the old product immediately.
- 2- Strong Brand:** From the beginning, Just Toze has been able to provide high-quality products to customers
- 3- Innovation:** Just Toze always strives to innovate new products. Since the inception of the

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company, it has been offering innovative products

4-customer service: -highly customer service achieved

5- Just Toyz have good resources for projects

6-Highly product-quality of toys

7-Just Toyz has a good market share in Japan and the United Kingdom

✚ Weaknesses: -

- 1. High costs of logistics as per the distance between the Thailand and Japan and United Kingdom**
- 2. More expensive than other products: Just Toyz products are often too expensive for ordinary people**
- 3. There is a fast turnover rate for employees**
- 4. Limited distribution network: Just Toyz distributes its own products, and this makes the distribution network limited. Most of the time, they don't use 3PL to sell the games**
- 5. lack of experience for some employees**

✚ Opportunities: -

- 1. Opening new markets in the middle east**
- 2. Online sales give the opportunity to increase sales of Just Toyz**
- 3. Expand the distribution network.**
- 4. Increasing the percentage of customer loyalty and sustainability of the company**

✚ Threats: -

- 1. Changes and challenges that occur in the world, such as Covid 2019 that affect the percentage of sales**

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- 2. Entering new competitors in the market and taking a share of sales from Just Toyz**
- 3. High transportation prices, which cause high production costs and a decrease in profits**
- 4. The high cost of labor, which causes a high cost of the product and consequently a decrease in profits.**

Recommendations to overcome weaknesses and threats: -

- a) Do training for improving the activity of employees to avoid lack experience of some employees**
- b) Focus on the online sales**
- c) Just Toyz can use the labor from the area to have low-cost labor markets, to achieve the low costs of operations**
- d) Trying to add some options to the toys until the kids important about it and did not focus on the handheld devices only**
- e) Searching for a third party to distribute the product to avoid any extra cost in transportation**
- f) Making search monthly to study the status of the market and evaluate the customer's feedback about the products and know which competitors work in the market.**

Conclusion

- A. Strategic is very important not for work only but for all things in our life**
- B. The competitive advantage that the company uses. It determines the size of what can be profitable and achieved for the company**
- C. when you feel the goals cannot be achieved, don't adjust the goals change the work steps to achieve the goals**
- D. Companies should always strive to benefit from the experiences of others in the same field of work.**
- E. It should be determined the goals and work to achieve it**
- F. It is very important to make SOWT analyze for business if you need to improve them**
- G. You should always look for alternative opportunities in order to resist the changes that occur in the market**
- H. You must always be unique or you will be out of the market**

Finally, With the help of strategies, the business activities are regulated systematically by utilizing efficient planning and organization.

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