

Competitive Positioning

Lesson 5

KEY CONCEPTS

- Business level strategies ■ Cost leadership ■ Differentiation Strategy ■ Focus Strategy ■ Strategic Leadership
- Transactional Leadership ■ Transformational Leadership ■ Charismatic Leadership ■ Artificial Intelligence
- Fintech ■ Blockchain Technology

Learning Objectives

To understand:

- The various business level strategies and their pros and cons
- The strategy formulation and implementation
- Issues in Strategy Implementation
- Leadership and its forms
- E-business and Strategy; Artificial Intelligence, Fintech and Blockchain Technology

Lesson Outline

- Business Level Strategy
- Porter's Generic Strategies
- Cost Leadership Strategy
- Differentiation Strategy
- Focus Strategy
- Distinctive Features of the Generic Competitive Strategies
- Strategic Implementation
- Strategy Formulation and Implementation
- Strategy Implementation – Supporting Factors
- Issues in Strategy Implementation
- Managing Strategic Changes
- Strategic Leadership
- Leadership and its forms
- Strategic leadership and thinking skills
- E-Business and Strategy
- E-business Strategic Framework
- Artificial Intelligence
- Nine Areas for developing AI Business Strategy
- Fintech
- Blockchain Technology
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References

BUSINESS-LEVEL STRATEGY

Business level strategy is a co-ordinated, integrated and a comprehensive action or plan. The purpose of business level strategy is to provide a value to customers by gaining a competitive advantage through exploiting the core competencies in specific individual product/service markets. These strategies are designed based on the firm's belief about where and how it has an advantage over its competitors.

Business level strategy is applicable in those organizations, which have different businesses-and each business is treated as Strategic Business unit (SBU). the fundamental concept in SBU is to identify the discrete independent product / market segments served by an organization.

Since each product/market segment has a distinct environment, a SBU is created for each such segment. for example, reliance Industries Limited operates in textile fabrics, yarns, fibers, and a variety of petrochemical products. for each product group, the nature of market in terms of customers, competition, and marketing channel differs.

Therefore, it requires different strategies for its different product groups. thus, where SBU concept is applied, each SBU sets its own strategies to make the best use of its resources (its strategic advantages) given the environment it faces. At such a level, strategy is a comprehensive plan providing objectives for SBUs, allocation of resources among functional areas and coordination between them for making optimal contribution to the achievement of corporate- level objectives.

Such strategies operate within the overall strategies of the organization. the corporate strategy sets the long-term objectives of the firm and the broad constraints and policies within which a SBU operates. the corporate level will help the SBU define its scope of operations and also limit or enhance the SBUs operations by the resources the corporate level assigns to it. there is a difference between corporate-level and business-level strategies.

Example: Andrews says that in an organization of any size or diversity, corporate strategy usually applies to the whole enterprise, while business strategy, less comprehensive, defines the choice of product or service and market of individual business within the firm. In other words, business strategy relates to the 'how' and corporate strategy to the 'what'. Corporate strategy defines the business in which a company will compete preferably in a way that focuses resources to convert distinctive competence into competitive advantage.

Corporate strategy is not the sum total of business strategies of the corporation but it deals with different subject matter. While the corporation is concerned with and has impact on business strategy, the former is concerned with the shape and balancing of growth and renewal rather than in market execution.

Michael Porter (1998) has identified **business-level strategies which are cost leadership, differentiation, and focus** to achieve a sustainable competitive advantage. The strategy of cost leadership was common in 1970s. This strategy requires construction of efficient-scale facilities, cost reductions, control over expenses, and cost minimization etc. the low-cost strategy gives several advantages before rivals. It may be explained by the possibility to be more efficient than competitors. (Porter, 1998)

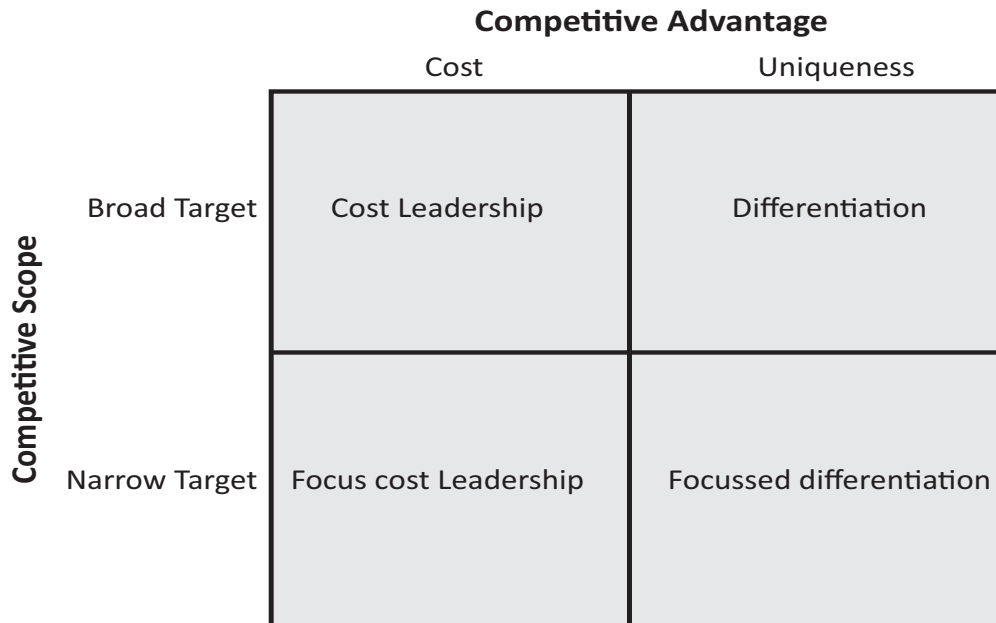
Hill and Jones (2007) have developed the curve which connects together the three issues in developing a successful business model.

Brown and Blackmon (2005) have defined business-unit strategy as a process of decision making at the strategic business unit (SBU) level. According to them, primarily it identifies how SBU supports organizational goals. furthermore, business-unit strategy refers to aggregated strategies of single firms or SBU within one diversified corporation (Brown, Blackmon, 2005). While corporate strategy deals with the question in what

businesses the company should compete in, business unit level strategy decides on how to compete in these particular businesses. (Beard, Dess, 1981)

PORTER'S GENERIC STRATEGIES

In 1985, Michael Porter in his book "Competitive Advantage: Creating and Sustaining Superior Performance" pronounced the three generic strategies namely "Cost Leadership" (no frills), "Differentiation" (creating uniquely desirable products and services) and "Focus" (offering a specialized service in a niche market). Thereafter, he then sub-divided the 'Focus' strategy into two parts: "Cost Focus" and "Differentiation Focus." These are shown in the below figure:



Source: Michael E. Porter, "Competitive Advantage", Free Press, New York, 1985, p.12

Cost Leadership Strategy

This strategy also involves the firm winning market share by appealing to cost-conscious or price-sensitive customers. This is achieved by having the lowest prices in the target market segment, or at least the lowest price to value ratio (price compared to what customers receive). To succeed at offering the lowest price while still achieving profitability and a high return on investment, the firm must be able to operate at a lower cost than its rivals. There are three main ways to achieve this:

The **first approach** is achieving higher asset utilization. In manufacturing, it will involve production of high volumes of output. These approaches mean fixed costs are spread over a larger number of units of the product or service, resulting in a lower unit cost, i.e. the firm hopes to take advantage of economies of scale and experience curve effects.

The **second dimension** is achieving low direct and indirect operating costs. This is achieved by offering high volumes of standardized products, offering basic no-frills products and limiting customization and personalization of service.

The **third dimension** is control over the value chain including all functional groups (finance, supply/procurement, marketing, inventory, information technology etc.) to ensure low costs. Wal-Mart is known for squeezing its suppliers to price its products reasonably low.

The greatest risk in pursuing a Cost Leadership strategy is that the competitors may follow the same cost reduction strategies, therefore, the company has always to be on its toes to continuously reduce its cost. This can be done by adopting the Japanese Kaizen philosophy of “continuous improvement” among other techniques of reducing cost.

Example

Amazon is an excellent illustration of a cost leadership strategy. Even though their profit margin is so tiny, economies of scale allow them to remain profitable. They draw sizable crowds of customers by selling things for less money.

Ways to achieve Cost leadership

- Quick demand forecasting for the product or service.
- Effective utilization of the firm’s resources to avoid wastage.
- Attaining economies of scale which results in lower per-unit cost.
- Investing in high-end technology for smart working.
- Product standardization for mass production, which leads to economies of scale.

Pros of using Cost Leadership Strategy

There are several potential benefits to using a cost leadership strategy.

1. **Low costs enable low prices.** To cut manufacturing costs, cost leaders concentrate their efforts on making production processes more efficient. They may cut prices while still turning a profit because to their cheap costs.
2. **Cost leaders are more able to withstand price wars.** Cost leaders are well-equipped to cut expenses, which can put the brakes on competitiveness. If they cannot be certain they will succeed, higher-priced competitors are less likely to want to actively compete with cost leaders.
3. **Increased market share.** Customers that are sensitive to pricing tend to favour businesses who sell products at the lowest prices.

Cons of using Cost Leadership Strategy

Using a cost leadership strategy can have several downsides. Consider the potential drawbacks to cost leadership.

1. **Risky Approach.** Cost leaders must continually come up with fresh strategies. Competitors are likely to copy an efficient cost-cutting strategy as soon as it is discovered by a corporation. Cost leaders risk suffering big losses if they are unable to maintain constant cost reduction.
2. **Difficult to maintain perceptions of quality.** When the marketing approach is based on providing the most affordable products, it becomes challenging to maintain the perception of quality. Cost leaders need to figure out how to provide affordable goods and services while also upholding a strong reputation and fostering brand loyalty.
3. **Dependent on a high volume of sales.** Cost leaders inevitably operate with thin profit margins. This means they have to maintain a high volume of sales to be successful.
4. **Cost leaders may be slow to adapt to market changes.** When your business-level strategy is centered around cost reduction, it can be challenging to keep up with consumer trends and tastes.

Differentiation Strategy

A differentiation strategy is appropriate where the target customer segment is not price-sensitive, the market is competitive or saturated, customers have very specific needs which are possibly under-served, and the firm has unique resources and capabilities which enable it to satisfy these needs in ways that are difficult to copy.

Differentiation is deemed to be successful when a company is able to fetch a premium price for its products or services, has increased revenue per unit, or is able to retain loyalty of its customers. Differentiation drives profitability when the added price of the product outweighs the added expense to acquire the product or service. It can be achieved by excellent brand management which creates uniqueness in the image of the product/service even when the actual product is the identical to competitors. Adopting this strategy, Apple could brand its i-phones, computers and i-pads; Mercedes-Benz C-Class could sell its cars as most expensive ones, Café Coffee Day could differentiate its coffee, and Nike could brand sports clothing and shoes. Fashion brands and multinational companies have to depend greatly on this strategy. However, this is not an apt strategy as it is not suitable for smaller companies but for big brands.

However, for ensuring success of its Differentiation strategy, a company must:

- Undertake high-quality research, development and innovation.
- Be able to deliver premium products/services.
- Rigorous branding and marketing about differentiated offerings.
- Need to stay agile with their new product development processes.

Pros of using Differentiation Strategy

1. **Lower Price Competition:** Companies frequently engage in pricing wars with rivals. But an organization can compete its rivals by differentiating the product or service. Even if competitors' costs are cheaper, they will struggle to compete if the quality of our product is unsurpassed.
2. **Unmatched Products and Services:** We can make our product distinctive by using cutting-edge marketing and promotion techniques and make our products stand out from the competition.
3. **Greater Profit Margins:** Company can increase the price of goods by differentiating the offerings. It will increase in repeat business after product becomes sticky with target market. This would imply that company can generate more money even with fewer sales.
4. **Brand Loyalty:** The product carves out a special position in the consumer's mind if we differentiate the product with other ones.

Cons of Differentiation Strategy

While discussing the differentiation strategy advantages and disadvantages, we must list these disadvantages that organizations must watch out for:

1. **Increased Cost:** There is an undeniable increased cost component every time a company considers utilising a differentiated marketing strategy. There will always be an additional expense when you produce different iterations of the same kind of product. Because of this, several businesses find it challenging to differentiate their products.
2. **Inconsistency:** Companies with significantly distinct offers frequently suffer from poor communication. It's crucial to have umbrella communication, like cutting-edge technology and innovative leadership in the case of Apple Inc., even though they deal with many areas and niches, to get over this disadvantage of the differentiation strategy.

3. **Affordability:** The premium price of products reflects the intrinsic cost of differentiated marketing strategy. Such products frequently face competition from imitations of their own brand. Although such products don't have trouble sustaining their pricing point with proper packaging, design, and communication.
4. **Cannibalization:** While a few goods would have sufficed, businesses frequently produce too many differentiated offerings. This can result in brand cannibalization. It's critical to produce a small number of differentiated items in order to counteract this drawback of the differentiation strategy.

Focus Strategy

The focus strategy is also known as 'niche' strategy. This is so because, companies adopting focus strategies focus on niche markets and, by get hold of the dynamics of such niche market and unique requirements of its customers. Based on such understanding, they develop exclusively low-cost products particularly for such niche market. Due to this, a strong brand loyalty is developed with its customers making it difficult for competitors to enter. Such a strategy is often used by small firms/companies.

Further, such companies may either use a 'cost focus' or a 'differentiation focus'. While cost focus makes the firm the lowest cost producer in such niche or segment, differentiation focus creates competitive advantage through differentiation within the niche or segment.

Example: Rolls Royce is a prime illustration of this tactic. These vehicles are pricey and made to the specifications of the user. No other automaker follows this policy. Coca-Cola introduced diet coke and coke zero to appeal to consumers who are health-conscious.

Ways to achieve Focus

- Choosing a particular niche, often avoided by cost leaders and differentiators.
- Excel in catering to the specific niche.
- High-efficiency generation to serve those niche.
- Creating new ways for the value chain management.

Types of a Focus Strategy

There are two types of focus strategy, a brief about each is as follows:

Focused Low-Cost Strategy

Companies choose for this approach when they first join the market. It indicates that the business provides a unique product with additional advantages to the clients at a low cost. Yet, this does not imply that established businesses cannot or should not adopt this tactic; businesses of all stripes could do so.

The best strategy for new businesses to enter the market and engage in indirect competition is this one. Some businesses choose to join the market with their products and services at low costs in order to gain market share. They would find it challenging to carry out this plan over the long haul.

Focused Differentiation Strategy

It is a form of strategy approach that, as its name suggests, focuses on developing a product that is unique for a certain client market group. When a business adopts the differentiation strategy approach, it concentrates on reducing the size of the targeted client segment by providing unique and personalised features in the product.

A fantastic illustration of the focused differentiation strategic strategy in action is Breezes Resort. The hospitality company fulfils the needs of couples and business partners by providing them with a quiet, child-free atmosphere. Partners and couples would adore to visit this location and take advantage of their services.

Pros of using Focus Strategy

Some of the key benefits and advantages of focus strategy are as follows;

Availability of Resources: It is crucial to have the necessary financial and other resources available when organization plan to adopt the targeted strategic approach. The price of manufacturing the correct product for the particular customer market segment is higher. Yet, if a business is using scarce resources to create a rare product, it needs to ensure that those resources are available.

Competitive Edge: Gaining a competitive edge is the crucial component of putting the concentrated strategic approach into practise. When a business makes a distinctive offer to a certain client market segment, it will be easy to stand out from the competition. When organization provides its clients something worthwhile, it will be tough for your rivals to quickly imitate it.

High Growth: Companies and corporations should never forget that there is always potential for expansion. Businesses and firms who are not evolving with the times and the market find it challenging to thrive. The organization should assess the segment's growth prospects before focusing on it as a target market segment.

Increased Profitability: The smaller client market niche is simple to locate and cater to. Yet, it is important to consider whether the market niche you are aiming for is profitable. It's because making a profit is always a company or business's primary goal. Such market groupings need to be sizable enough to bring in money.

Cons of using Focus Strategy

Some of the main disadvantages and challenges of the focus strategy are as follows:

Changing Preferences: Customers' preferences and choices are always shifting, and they strive to reflect the consensus opinion. When a business provides a unique offering that matters to the customer, they will choose it and it will last longer.

High Competition: A focused strategic strategy seeks to gain a competitive edge by providing something special and worthwhile. Being ahead of the competition is challenging since they are constantly trying to get better. The organization must monitor its development and take the offering seriously. The market's increased completion reduces the company's profitability.

Distinctive Features of the Generic Competitive Strategies			
Type of Feature	Low-Cost Leadership	Differential	Focus
Strategic target	A broad cross-section of the market.	A broad cross-section of the market.	A narrow market niche where the buyer, needs and preferences are distinctively different from the rest of the market.
Basis of competitive advantage	Lower costs than competitors.	An ability to offer buyers something different from competitors.	Lower cost in serving the niche or an ability to offer niche buyers something customized to their requirements and tastes.

Product line	A good basic product with few frills (acceptable quality and limited selection).	Many product variations, wide selection, strong emphasis on the chosen differentiating features.	Customised to fit the specialized needs of the target segment.
Production emphasis	A continuous search for cost reduction without sacrificing acceptable quality and essential features.	Invent ways to create value for buyers.	Tailor-made for the niche.
Marketing emphasis	Try to make a virtue out of product features that lead to low cost.	<ul style="list-style-type: none"> ● Build in whatever features buyers are willing to pay for. ● Charge a premium price to cover the extra costs of differentiating features. 	Communicate the focuser's unique ability to satisfy the buyer's specialized requirements.
Sustaining the strategy	<ul style="list-style-type: none"> ● Economical prices/good value. ● All elements of strategy aim at contributing to a sustainable cost advantage — the key is to manage costs down, year after year, in every area of the business. 	<ul style="list-style-type: none"> ● Communicate the points of difference in credible ways. ● Stress constant improvement and use innovation to stay ahead of imitative competitors. ● Concentrate on a few key differentiating features; use them to create a reputation and brand image. 	Remain totally dedicated to serving the niche better than other competitors; don't blunt the firm's image and efforts by entering other segments and adding other product categories to widen market appeal.
Source: Arthur A. Thompson and A.J. Strickland, <i>op. cit.</i>, p. 104.			

STRATEGIC IMPLEMENTATION

Strategy implementation is a process through which a strategy is put into action. Strategies are only 'means' to an 'end' i.e. accomplishment of organization's objectives which have to be activated through implementation. This is because both strategic formulation and strategic implementation process are intervened in real life situation. While strategic formulation is largely an intellectual process, strategic implementation is more of operational nature. A good strategy without effective implementation is futile for success of an organization.

The implementation of policies and strategies is concerned with the design and management of systems to achieve the best integration of people, structures, processes and resources in reaching organization objectives. Strategy implementation may also consist of securing resources, organizing these resources and directing the use of these resources within and outside the organization. In an action, the strategy chosen is a promise and implementation is to turn the promise into performance. These tasks of transformation warrant structural and administrative mechanism which can be compatible and workable to be established to reinforce the chosen strategic direction for action. Once the strategy has been determined; it is the job of the management to ensure

that the strategy is implemented. The major task of implementation strategy is to create a fit between the company goals and its other activities. Generally two types of fits need to be created—

- (i) fits between the strategy and functional policies; and
- (ii) fits between the strategy and the organizational structure, process and systems.

Developing alternative strategy and making the strategic choice constitute important steps in the process of strategic management. Implementation of the strategy is a vital step in the process. A good strategy without effective implementation can hardly be expected to succeed in the performance. Implementation of strategy in an organization covers a number of inter-related decisions, choices, and a broad range of activities such as the commitments and cooperation of all units, sections and departments. There are two inter-related tasks involved in the process, i.e. differentiation and integration.

Definition of Strategic Implementation

According to **Glueck**, “Strategy implementation is the assignment or reassignment of corporate and Strategic Business Unit leaders to match the strategy. The leaders will communicate the strategy to the employees. Implementation also involves the development of functional policies about the organization structure and climate to support the strategy and help achieve organizational objectives”.

Charles W.L. Hill and Gareth R. Jones define strategy implementation as “the way in which a company creates the organisational arrangements that allow it to put its strategic plan into operation most efficiently and to achieve its objectives.”

In the words of **Alex Miller and Gregory G. Dess**, “Strategy implementation involves a broad range of efforts aimed at transforming strategic intentions into action. The resulting stream of actions constitutes the firm’s realised strategy.”

An effective implementation of strategy is significant for an organization’s growth, whereas failure in effective strategy implementation may have negative consequences for an organization.

STRATEGY FORMULATION AND IMPLEMENTATION

Strategy formulation is largely an intellectual process whereas strategy implementation is more operational in character. Strategy formulation requires good conceptual, integrative and analytical skills but strategy implementation requires special skills in motivating and managing others. Strategy formulation occurs primarily at the corporate level of an organization while strategy implementation permeates all hierarchy levels. In fact, they are not supplanting each other but supplementing each other. In other words, they are not conflicting but contemporary to each other. The relation between strategy formulation and implementation can be best understood by their inter- dependence. There are two types of linkages between strategy formulation and implementation i.e. forward linkage and backward linkage.

Forward linkage is concerned with the influence of the formulation on implementation. Strategy formulation has forward linkage with implementation in the sense that total implementation activities are geared according to strategy chosen for implementation. The nature and type of organizational processes and systems are conditioned by the strategy for its successful implementation. Thus, implementation is dependent upon formulation.

Backward linkage, on the other hand, deals with the influence in the opposite direction. Strategy formulation has backward linkage with implementation as organization tends to adopt those strategies which can be implemented with the help of existing structure of resources joined with some additional efforts. The strategy is formulated in a particular environment which is dynamic. The feedback from operations, a result of strategy implementation gives notices of the changing environmental factors to which strategy should be seen in continuity rather than in discrete form.

The inter-dependence of formulation and implementation of strategy does not mean that managers are not to distinguish between the two. While interdependence helps management to take corrective action in the light of the feedback given by the implementation, the distinction between the two helps in putting right prospective on organizational resources both human and physical. When the strategy is put into action through the process of developing internal plans, the feedback mechanism stress the need to continually assess implementation of strategy and organizational performance in order to determine any change in the strategy. Thus, those who are responsible for strategy formulation are also responsible for its implementation.

Strategy Implementation – Supporting Factors

The development and selection of strategies to pursue in an organization is considered easier and less time consuming than implementing these strategies once they have been chosen. An effective implementation of strategy in an organization needs multiple supporting factors. Some of these factors include the following:

- (i) *Action Planning*: Organizations to be successful in strategy implementation need to develop a detailed action plan i.e., chronological lists of action steps (tactics) which add the necessary detail to strategies and assign responsibility to specific individual or group for accomplishing those actions. They should also set a due date and estimate the resources required to accomplish each of their action steps. Thus, they translate their broad strategy statement into a number of specific work assignments.
- (ii) *Organizational Structure*: Successful strategists should also give proper thought to their organizational structure and see whether the current structure is appropriate for their intended strategy because different structures suit the implementation of different strategies.
- (iii) *Human Resource Factors*: Human Resource factors through framing strategic plan play a vital role in successful implementation of strategies in an organization. Strategist realize that the human resource issue is really a two part story. The consideration of human resources requires the management to think about the organization's communication needs. Further, managers successful at implementation are aware of the effects each new strategy will have on their human resource needs.
- (iv) *Annual Business Plan*: Organizations successful at implementation are well aware of their need to fund their intended strategies. They think about necessary financial commitment in the planning process. For firming up their commitments to strategic plans, companies monetize their strategy. That way, they link their strategic plan to their annual business plan.
- (v) *Monitoring and Control*: Monitoring and controlling the plan covers a list of options to get back on course if company should veer off. Those options include changing the schedule, changing the action steps, changing the strategy or changing the objective.

Developing an effective strategic plan is only half the battle. Getting it implemented is the other half – completing the tactics to accomplish the strategies and objectives within the plan. Monitoring the implementation of strategic plan is justified on the following grounds:

- (i) It helps to assure the organization efforts conform to the plan.
- (ii) It enables the organization to ensure that the results achieved correspond to our quantified objectives.
- (iii) Further monitoring allows for corrective action.
- (iv) Since monitoring is part of control process, it encourages improved performance.
- (v) Monitoring provides the essential link between the written plan and the day-to-day operations of the business. It demonstrates to all that organization is really managing the business according to its strategic plan.

To set functional area goals, the following steps should be taken:

1. For each functional area, compare present functional goals with new enterprise, corporate and business- level goals.
2. Decide what new goal areas (functional variables) are needed for each function.
3. Set new goal levels (values for each functional area's variables).

Issues in Strategy Implementation

An organization is confronted with a number of issues in the process of strategy implementation. Some of the important issues are discussed as follows:

(i) Project implementation

Project is a highly specific program for which time schedule and specific cause are determined in advance. Projects create all necessary conditions and facilities required for the strategy implementation, the discipline of project management. A project basically passes through various phases which are given below before a set of task can be accomplished:

- (a) Detailed planning related to different aspects of projects such as infrastructure design, schedules, budgets etc., has to be completed.
- (b) Ideas generated during the process of strategic alternatives and choice consideration form the core of the future projects that may be undertaken by the organization.
- (c) After a set of projects have been identified and arranged according to the priority, they have to be subjected to preliminary project analysis pertaining to technical, financial, marketing and economic aspects. After the screening, the viable projects are taken up and feasibility studies are conducted.
- (d) Detailed engineering, awarding contracts, civil and other types of construction etc., are to be undertaken during the implementation phase leading to the testing trail and commissioning of the plant.
- (e) The final phase deals with disbanding the project.

(ii) Procedural implementation

Strategy implementation also requires executing the strategy based on the rules, regulations and procedures formulated by the Government. Though many procedures are simplified with the liberalization, privatization, and globalization of the Indian economy, certain procedures are still applicable in the process of strategic implementation such as, licensing requirements, Foreign Exchange Management Act requirements, collaboration procedures, import and export requirements, incentives and benefits, requirements of Labour Laws and other Legislations.

(iii) Organisational Structure and Strategies

Organizational structure is a means for achieving organization mission and objectives. Thus, it is an important source of strategic implementation. Organizational structure refers to the method of allocating duties and responsibilities to individuals, and the ways these individuals are grouped together into units, departments and divisions. Companies form structures for their organizations based on their strategies. There are number of methods in which the organizations can be structured. A simple strategy requires simple structure whereas the growth strategies require a flexible structure and complex strategies necessarily influence to build the matrix structures.

(iv) Resource Allocation

Resource allocation involves the process of allocating organizational resources to various divisions, departments and strategic business units. It deals with the procurement, commitment and financing the physical and the human resources required to accomplish strategic tasks for the achievement of organizational objectives.

(v) Functional Policies

Functional policies describe functional guidelines to operating managers so that coordination across functional units can take place. Once the strategy of the companies is decided, modification in functional policies may become necessary to meet the demands of the new business.

(vi) Communication Strategy

Communication strategy covering the mission, objectives, market scope, technology and all the issues related to implementation, to different levels in the organization is very important for its success. This is because strategy is implemented through people who ought to be clear about their roles which they have to play in relation to each other.

(vii) Leadership

Appropriate leadership is necessary for developing effective structure and systems for the success of strategy. Leadership is the key factor for developing and maintaining right culture and climate in the organization.

(viii) Challenges to Change

The strategy implementation process generally involves a change. The change can be minor or major. The process of change may cover in freezing, moving and refreezing.

(ix) Pre-implementation Evaluation Strategy

Before the implementation of the strategy, it is advisable to go for a final scrutiny so as to avoid failure due to weaknesses in the analysis, if any and to ensure that the strategy decided for the organization is optimum.

MANAGING STRATEGIC CHANGES

The basic problem in managing change is to overcome people resistance successfully. Problems of overcoming resistance to change can be managed in the following ways:

- (i) *Education and Communication:* If misinformation and lack of information create barriers to managing change, education and communication might be appropriate. It requires an atmosphere of mutual trust and confidence and respect between managers and employees.
- (ii) *Participation:* Participation helps to give people in organizational change a feeling of importance. It creates the feelings among the employees that the decision is their own. They realise that the change process is a must. Those people who are directly affected by the change should be given opportunity to participate in that change before the final decisions are reached.
- (iii) *Obtaining commitment:* Commitment to take part in changed programme can be obtained in private from each individual. However, getting a person to commit himself in private to a changed programme may yield fewer results than if he voluntarily and publicly gives his commitment to an idea of change.
- (iv) *Leadership:* A transformational leader can use personal reasons for change without arousing resistance. An effective leader tries to change the psychological needs of his followers.

- (v) *Training and Psychological Counselling*: Management can change the basic values of the people by training and psychological counseling. People should be educated to become familiar with change, its process, and working. They must be taught new skills, helped to change attitudes and indoctrinated in new relationships.
- (vi) *Coercion or Edict*: Coercion or edict is the imposition of change or the issuing of directives about change. It is the explicit use of power. Coercion is the least successful style of managing change except in a state of crisis or confusion.

STRATEGIC LEADERSHIP

Strategic leadership is a type of leadership in which the leader persuades followers to support a broad vision for the success of the business. Since it prioritises the greatest sustainability initiatives, strategic leadership is now significant to the majority of firms. You may manage a company more successfully if you are aware of the different approaches to show strategic leadership. In this piece, we examine examples of strategic leadership and pinpoint the competencies that are pertinent to this type of leadership.

It takes strategic leadership to identify your organization's strengths so you can set yourself out from the competition. It necessitates a more imaginative strategy than only looking for simple answers. Future organisational growth is highly dependent on leadership.

“Strategic leadership is defined as the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term viability of the organization while maintaining its short-term financial stability”.
(W. Glann Rowe, 2001).

Leadership and its forms

Types of Strategic Leadership

There are following three well-defined types of strategic leadership:

(a) Transactional Leadership

The transactional leaders make certain that everyone is aware of the expectations for the procedures and results. They strike a balance between strategic management and leadership by gauging employee performance and inspiring them to do better. For good performance, they employ incentives like increased pay, promotions, and bonuses. But they may also discipline poor performance by cutting pay or eliminating jobs. A leadership technique like this might provide results, but not always the best ones.

Nonetheless, this kind of strategic leadership is incorporated to some level in the majority of leadership philosophies. A leader's reliance on this approach affects whether or not they meet the criteria for transactional leadership.

(b) Transformational Leadership

Transformational leaders integrate leadership and strategy, and they use their vision to direct the employees' activities and behaviours. They affect both the organisation and the people within it to change. Such a leadership tactic entails persuading people to change. The organization's advantage is the main goal of this innovative strategy. The transformative leader builds the team's confidence while helping them recognise roles and set goals. Strategic leadership of this kind encourages action and is adaptable.

According to Northouse (2001) “transformational leadership is a process that changes and transforms people. Transformational leaders can motivate people to change to improve their circumstances”.

(c) Charismatic Leadership

Charismatic leaders work their charm to persuade others. Charismatic leaders have the drive and passion to get their work done. While charismatic leaders share quite a few similarities with transformational leaders, the focus of their work is a change in the status quo and not necessarily a change in the organization.

Strategic leadership skills

According to *Harvard Business Review*, strategic leadership competencies include six essential skills:

- *Anticipate*: Collect information from a wide range of sources both inside and outside your company's industry or function to predict competitors' moves and reactions to new initiatives or products.
- *Challenge*: View and reframe a problem from multiple angles to understand its underlying causes.
- *Interpret*: Exhibit curiosity and openness when testing several working hypotheses and involve others before coming to any conclusions.
- *Decide*: Weigh long-term investments for growth with short-term pressure for results, as well as the risks and trade-offs for customers and other stakeholders, when making decisions.
- *Align*: Examine stakeholders' incentives and tolerance for change and identify conflicting interests.
- *Learn*: Convey stories of success and failure to advocate learning. Course-correct decisions after they have been made if there is refuting evidence.

Strategic thinking skills

All abilities that help you apply critical thinking to solve complicated problems and make future plans are considered strategic thinking abilities. These abilities are necessary to attain professional goals, get over roadblocks, and deal with hurdles, especially if they are anticipated to take weeks, months, or even years to complete. It contains:

- **Analytical skills**: You must be able to analyse a wide range of inputs, from financial statements to market circumstances, developing business trends, and internal resource allocation, in order to come up with a plan that helps your organisation achieve its goals. To develop a plan that is in line with the present situation your firm is facing, this preliminary analysis is essential.
- **Communication skills**: Regardless of the size of your business, developing a strategy will involve effective communication. Strategic thinking is mostly based on the capacity to effectively convey complicated concepts, interact with internal and external stakeholders, forge agreement, and make sure that everyone is on the same page and pursuing the same objectives.
- **Problem-solving skills**: Strategic planning is frequently utilised to address issues or problems, such as unmet financial goals, ineffective processes, or a new rival. You must first comprehend the issue and its potential remedies in order to put into action a plan that solves the primary obstacle you are facing. From there, you can develop a plan of action to resolve it.
- **Planning and management skills**: In addition to thinking of a solution, strategy also entails its implementation. To put everything together after data analysis, problem comprehension, and solution identification, you need to have good planning and management abilities.

E-BUSINESS AND STRATEGY

An e-business strategy is a long-term plan for implementing the appropriate digital technology to enable a firm to manage all of its partners, both internally through the intranet and outside through customers, suppliers, and other partners. To put it another way, an e-business plan is a detailed strategy for implementing effective digitization so that a company may perform all of its computerised interactions with all stakeholders – both internally via the web and globally via clients, vendors, and other collaborators.

This tactic is not just applicable to online businesses. Any business that transacts online needs to have an e-business strategy. It outlines all the short-term and long-term goals that demand careful planning and expertise.

Creating a Twitter account and a business blog are two examples of good social media e-business strategy models. The blog is meant to provide readers with helpful information about the goods and services the business provides. Twitter is used to share this fresh information with followers and engage with pertinent organisations and people.

E-business Strategic Framework

The e-business strategic framework addresses three broad sets of questions. These are:

1. Where do we (as a company) want to compete?
2. What type of value do we want to create?
3. How should we set up and organize our company to deliver the desired value?

The above three areas are interlinked and cannot answer one question without considering the other two. Strategies are thus more likely to be successful if managers take into consideration all relevant dimensions.

The first broad section in the e-business strategy framework deals with a firm's external environment. The key question here is: 'Where do we want to compete?' Answering this question depends in part on the following factors:

The macro-environment: Analyzing the macro-environment helps us to gain an understanding of trends within the political, economic, social or technological spheres.

Industry structure: Porter's five forces offer a framework for figuring out how appealing a particular industry is. This involves a review of industry competition, entry obstacles, competing products, and the bargaining power of customers and suppliers. The co-opetition value net is also provided as an addendum to the five forces framework.

Markets: Consumers have varying expectations and tastes. So, it is beneficial to divide markets into several categories that correspond to the features of clients' purchasing behaviour, such as age, gender, income level, etc.

Value generation is the subject of the second section of the e-business strategy framework. What type of value do we want to produce for our consumers is the crucial query here. We address two relevant topics in order to respond to this query:

- (1) the concept of value creation in e-business; and
- (2) strategy options for value creation.

The concept of value creation in e-business: We first need to examine the economic value that a corporation generates in order to determine its potential to gain a competitive edge. Understanding what drives consumer benefits and what drives expenses is necessary for this.

Strategy options for value creation: A company has a variety of strategy options when choosing how to add value for its clients. These two possibilities, cost leadership and distinction, are the two most common choices. Additionally, businesses can aim to stray from conventional forms of rivalry by creating new market niches and reinventing their value propositions.

The third section of the e-business strategy framework deals with the internal organization of a firm. The key question here is: 'How should we set up and organize our firm to deliver the desired value?' In the context of the internal organization, we need to look at three dimensions:

- (1) the horizontal boundaries of the firm,
- (2) the vertical boundaries of the firm, and
- (3) the internal organization.

Horizontal boundaries: What scale and scope should our organisation have is the first question we must address before talking about the horizontal limits. Knowing the scale and the scope can help you determine how big your company should be and how big of a market you need to succeed. How swiftly should we aim to grow is the second question, which has to do with horizontal boundaries. One of the guiding principles of the Internet boom years was growth at all costs. Early market entry and rapid growth are favoured by a number of benefits. Yet, there are a number of drawbacks that many ambitious e-business start-ups ignored.

Vertical boundaries: A lengthy discussion on how integrated a company should be in the Internet era was sparked by the concepts of deconstructing the value chain and unbundling the enterprise. During the height of the Internet boom, it was widely believed that businesses should concentrate on their core competencies (or core businesses) and contract out all other value-creating tasks to other parties. This, however, did not prove to be a miracle cure. Thus, how should we set up our company's value chain is the primary concern with respect to vertical borders.

Internal organization: This relates to how the company is structured within. Thus, the key query is: "How should we internalise our firm?" This speaks to the selection of organisational structures, distribution methods, and online consumer interactions.

Artificial Intelligence

Artificial Intelligence (AI), or machine intelligence, is the field developing computers and robots capable of parsing data contextually to provide requested information, supply analysis, or trigger events based on findings. Through techniques like machine learning and neural networks, companies globally are investing in teaching machines to 'think' more like humans.

Artificial Intelligence, or simply AI, is the term used to describe a machine's ability to simulate human intelligence. Actions like learning, logic, reasoning, perception, creativity, that were once considered unique to humans, is now being replicated by technology and used in every industry. A common example of AI in today's world is chatbots, specifically the "live chat" versions that handle basic customer service requests on company websites. As technology evolves, so does our benchmark for what constitutes AI.

The Artificial Intelligence and Business Strategy initiative explores the growing use of artificial intelligence in the business landscape. The exploration looks specifically at how AI is affecting the development and execution of strategy in organizations. The initiative researches and reports on how AI is spurring workforce change, data management, privacy, cross-entity collaboration, and generating new ethical challenges for business. It looks at new risks and threats in dependency, job loss, and security. And it seeks to help managers understand and act on the tremendous opportunity from the combination of human and machine intelligence.

Nine Areas for developing AI Business Strategy

1. Business strategy

Creating an AI strategy for the sake of it won't produce great results. To get the most out of AI, it must be tied to your business strategy and your big-picture strategic goals. That's why the first step in any AI strategy is to review your business strategy. (After all, you don't want to go to all this trouble and apply AI to an outdated strategy or irrelevant business goals.)

In this step, ask yourself questions such as:

- Is our business strategy still right for us?
- Is our strategy still current in this world of smarter products and services?
- Have our business priorities changed?

2. Strategic AI priorities

Now that you're absolutely clear on where your business is headed, you can begin to identify how AI can help you get there.

In other words:

- What are our top business priorities?
- What problems do we want or need to solve?
- How can AI help us deliver our strategic goals?

The AI priorities that you identify in this phase are your use cases. To ensure your AI strategy is focused and achievable, I'd stick to no more than 3–5 AI use cases.

Examples of AI priorities or use cases include:

- Developing smarter products and services.
- Making business processes and functions (such as accounts, sales and HR) more intelligent.
- Automating repetitive or mundane tasks to free people up for more value-adding activities.
- Automating manufacturing processes.

3. Short-term AI adoption priorities

Transforming products, services or processes is never going to be an overnight task. It may take some time to deliver the use cases you've identified. For that reason, I find it helps to also identify a few (as in, no more than three) AI quick wins – short-term AI priorities that will help you demonstrate value and gain buy-in for bigger AI projects.

Ask yourself:

- Are there any opportunities to optimise processes in a quick, relatively inexpensive way?
- What smaller steps and projects could help us gather information or lay the groundwork for our bigger AI priorities?

4. Data strategy

AI needs lots and lots of data to work. Therefore, you need to review your data strategy in relation to each AI use case and pinpoint the key data issues.

This includes:

- Do we have the right sort of data to achieve our AI priorities?
- Do we have enough of that data?
- If we don't have the right type or volume of data, how will we get the data we need?
- Do we have to set up new data collection methods, or will we use third-party data?
- Going forward, how can we begin to acquire data in a more strategic way?

5. Ethical and legal issues

Let's not beat around the bush: the idea of super-intelligent machines freaks people out. It's therefore crucial that you apply AI in a way that's ethical and above board.

Here, you'll need to ask yourself questions like:

- How can we avoid invading people's privacy?
- Are there any legal implications of using AI in this way?
- What sort of consent do we need from customers/users/employees?
- How can we ensure our AI is free of bias and discrimination?

The ethical implications of AI is a huge topic right now. Notably, tech giants including Google, Microsoft, IBM, Facebook and Amazon have formed the Partnership on AI, a group that's dedicated to researching and advocating for the ethical use of AI.

6. Technology issues

Here you identify the technology and infrastructure implications of the decisions you've made so far. Consider:

- What technology is required to achieve our AI priorities (for example, machine learning, deep learning, reinforcement learning, etc.)?
- Do we have the right technology in place already?
- If not, what systems do we need to put in place?

7. Skills and capacity

For those companies who aren't Facebook or Google, accessing AI skills can be a real challenge. Therefore, this step is about reviewing your in-house AI skills and capabilities, and working out where you need a skills injection.

For example:

- Where are our skills gaps?
- To fill those gaps, do we need to hire new talent, train existing staff, work with an external AI provider or acquire a new business?
- Do we have awareness and buy-in for AI from leadership and at other levels in the business?
- What can we do to raise awareness and promote buy-in?

8. Implementation

Here you need to think about how you'll turn your AI strategy into reality. This might surface questions such as:

- How will we deliver our AI projects?

- What are the key next steps?
- Who is responsible for delivering each action?
- Which actions or projects will need to be outsourced?

9. Change management issues

Because people are so wary of AI, particularly what it might mean for their jobs, change management is a really important part of any AI project.

Example questions include:

- Which employees and teams will be impacted by this AI project?
- How can we communicate effectively with those people about the change?
- How should the change process be managed?
- How will AI change our company culture, and how will we manage that culture change?

In conclusion, Artificial intelligence (AI) has the potential to transform every business – in the same way (and possibly more) as the internet has utterly transformed the way we do business. From smarter products and services to better business decisions and optimised (or even automated) business processes, AI has the power to change almost everything. Those businesses that don't capitalise on the transformative power of AI risk being left behind.

Fintech

Financial technology (Fintech) is used to describe new tech that seeks to improve and automate the delivery and use of financial services. At its core, fintech is utilized to help companies, business owners and consumers better manage their financial operations, processes, and lives by utilizing specialized software and algorithms that are used on computers and, increasingly, smartphones. Fintech, the word, is a combination of “financial technology”.

Broadly, the term “financial technology” can apply to any innovation in how people transact business, from the invention of digital money to double-entry bookkeeping. Since the internet revolution and the mobile internet/smartphone revolution, however, financial technology has grown explosively, and fintech, which originally referred to computer technology applied to the back office of banks or trading firms, now describes a broad variety of technological interventions into personal and commercial finance.

When fintech emerged in the 21st Century, the term was initially applied to the technology employed at the back-end systems of established financial institutions. Since then, however, there has been a shift to more consumer-oriented services and therefore a more consumer-oriented definition. Fintech now includes different sectors and industries such as education, retail banking, fundraising and nonprofit, and investment management to name a few.

Fintech now describes a variety of financial activities, such as money transfers, depositing a check with your smartphone, bypassing a bank branch to apply for credit, raising money for a business startup, or managing your investments, generally without the assistance of a person. According to EY's 2017 Fintech Adoption Index, one-third of consumers utilize at least two or more fintech services and those consumers are also increasingly aware of fintech as a part of their daily lives. Fintech also includes the development and use of crypto-currencies such as bitcoin. That segment of fintech may see the most headlines, the big money still lies in the traditional global banking industry and its multi-trillion-dollar market capitalization.

Some of the most active areas of fintech innovation include or revolve around the following areas:

- Cryptocurrency and digital cash.
- Blockchain technology, including Ethereum, a distributed ledger technology (DLT) that maintain records on a network of computers, but has no central ledger.
- Smart contracts, which utilize computer programs (often utilizing the blockchain) to automatically execute contracts between buyers and sellers.
- open banking, a concept that leans on the blockchain and posits that third-parties should have access to bank data to build applications that create a connected network of financial institutions and third-party providers. An example is the all-in-one money management tool Mint.
- Insurtech, which seeks to use technology to simplify and streamline the insurance industry.
- Regtech, which seeks to help financial service firms meet industry compliance rules, especially those covering Anti-Money Laundering and Know Your Customer protocols which fight fraud.
- Robo-advisors, such as Betterment, utilize algorithms to automate investment advice to lower its cost and increase accessibility.
- Unbanked/underbanked, services that seek to serve disadvantaged or low-income individuals who are ignored or underserved by traditional banks or mainstream financial services companies.
- Cybersecurity, given the proliferation of cybercrime and the decentralized storage of data, cybersecurity and fintech are intertwined.
- Atomic settlement, when applied to blockchain, means that a transaction either fully completes or is rejected entirely, ensuring that all parts of the agreement are settled simultaneously.
- Suptech or supervisory technology is the use of technology by regulatory and supervisory authorities to enhance their oversight and enforcement of financial regulations. Regulators use innovative technology monitor, analyze, and supervise financial institutions.
- Fraud detection and prevention: Utilizing AI and machine learning to detect and prevent fraudulent activities.

Fintech Users

There are four broad categories of users for fintech:

- B2B for banks,
- Business clients,
- B2C for small businesses, and
- Consumers.

Trends toward mobile banking, increased information, data, and more accurate analytics and decentralization of access will create opportunities for all four groups to interact in heretofore unprecedented ways. As for consumers, as with most technology, the younger you are the more likely it will be that you are aware of and can accurately describe what fintech is. The fact is that consumer-oriented fintech is mostly targeted toward millennials given the huge size and rising earning (and inheritance) potential of that much-talked-about segment. Some fintech watchers believe that this focus on millennials has more to do with the size of that marketplace than the ability and interest of Gen Xers and Baby Boomers in using fintech. Rather, fintech tends to offer little to older consumers because it fails to address their problems. When it comes to businesses, before the advent and adoption of fintech, a business owner or startup would have gone to a bank to secure financing or startup capital. If they intended to accept credit card payments they would have to establish a relationship with a

credit provider and even install infrastructure, such as a landline-connected card reader. Now, with mobile technology, those hurdles are a thing of the past.

Regulation and Fintech

Financial services are among the most heavily regulated sectors in the world. Not surprisingly, regulation has emerged as the number one concern among governments as fintech companies take off.

As technology is integrated into financial services processes, regulatory problems for such companies have multiplied. In some instances, the problems are a function of technology. In others, they are a reflection of the tech industry's impatience to disrupt finance.

For example, automation of processes and digitization of data makes fintech systems vulnerable to attacks from hackers.

Recent instances of hacks at credit card companies and banks are illustrations of the ease with which bad actors can gain access to systems and cause irreparable damage. The most important questions for consumers in such cases will pertain to the responsibility for such attacks as well as misuse of personal information and important financial data.

There have also been instances where the collision of a technology culture that believes in a "Move fast and break things" philosophy with the conservative and risk-averse world of finance has produced undesirable results.

Regulation is also a problem in the emerging world of cryptocurrencies. Initial coin offerings (ICOs) are a new form of fundraising that allows startups to raise capital directly from lay investors. In most countries, they are unregulated and have become fertile ground for scams and frauds. Regulatory uncertainty for ICOs has also allowed entrepreneurs to slip security tokens disguised as utility tokens past the SEC to avoid fees and compliance costs.

Because of the diversity of offerings in fintech and the disparate industries it touches, it is difficult to formulate a single and comprehensive approach to these problems. For the most part, governments have used existing regulations and, in some cases, customized them to regulate fintech. They have established fintech sandboxes to evaluate the implications of technology in the sector. The passing of General Data Protection Regulation, a framework for collecting and using personal data, in the EU is another attempt to limit the amount of personal data available to banks. Several countries where ICOs are popular, such as Japan and South Korea, have also taken the lead in developing regulations for such offerings to protect investors.

Blockchain Technology

Blockchain is a series of data linked together. Every single transaction is linked to the chain using cryptographic principles in batches, making blocks. The blocks are connected to each other and have unique identifier codes (called hashes) that connect them to the previous and the subsequent blocks. This forms a blockchain, usually in the form of a continuous ledger of transactions. It isn't owned by any one individual. The series is managed and stored across several computer systems. Each ledger is shared, copied and stored on every computer connected in the system.

This decentralised nature of storage provides security, since changing the details of one record will cause the hash of that block to change, disconnecting it from the next one and causing the latter's hash to change, and further such disruptions. Since the data is stored on multiple systems, any person looking to change the details on one system will have to do it for every other system as well.

Importance of Blockchain

Blockchain technology has been the backbone of bitcoin and other cryptocurrencies. The transparency and the security offered by the technology are some of the main reasons why cryptocurrency has become so popular. This technology is increasingly being adopted in the retail, manufacturing and banking sectors due to its benefits, like eliminating middlemen, providing data security, reducing corruption and improving the speed of service delivery. It can be particularly useful in maintaining government data related to public transactions. For instance, if all land records are moved on a blockchain, with each subsequent buying and selling of a property being recorded as a block that can be publicly accessed, corruption can be arrested and governing will be made so much easier. Similarly, hallmarked gold jewellery can be moved on an open-source blockchain ledger, which can be maintained by jewellers and viewed by consumers.

However, blockchain technology must be adopted in a gradual manner. Bitcoin and other cryptocurrencies have seen wild fluctuations in value, due to the lack of regulatory supervision. The open nature of the technology implies that anyone can adopt it, which is partly why the government is hesitant to go ahead and use it. Scalability, transaction speed and data protection are key technological hurdles, along with the difficulty of integrating the technology into existing financial systems. Many legal and regulatory challenges are also involved.

Blockchain is a developing field and its practical uses are being explored in many areas. You may want to adopt this technology in your business, if you are a B2C company and want to improve user experience or enhance transparency. There is a possibility of some data, such as banking transactions, land records and vehicle registration details, moving on the blockchain platform in the future. Example: Even recent entrants like Uber and Airbnb are threatened by blockchain technology. All you need to do is encode the transactional information for a car ride or an overnight stay, and again you have a perfectly safe way that disrupts the business model of the companies which have just begun to challenge the traditional economy. We are not just cutting out the fee- processing middle man, we are also eliminating the need for the match-making platform.

The Three Pillars of Blockchain Technology

The three main properties of Blockchain Technology which have helped it gain widespread acclaim are as follows:

- Decentralization
- Transparency
- Immutability

Pillar 1: Decentralization

Before Bitcoin and BitTorrent came along, we were more used to centralized services. The idea is very simple. You have a centralized entity that stored all the data and you'd have to interact solely with this entity to get whatever information you required.

Another example of a centralized system is the banks. They store all your money, and the only way that you can pay someone is by going through the bank.

In a decentralized system, the information is not stored by one single entity. In fact, everyone in the network owns the information. In a decentralized network, if you wanted to interact with your friend then you can do so directly without going through a third party. That was the main ideology behind Bitcoins. You and only you alone are in charge of your money. You can send your money to anyone you want without having to go through a bank.

Pillar 2: Transparency

One of the most interesting and misunderstood concepts in blockchain technology is “transparency.” Some people say that blockchain gives you privacy while some say that it is transparent.

A person’s identity is hidden via complex cryptography and represented only by their public address. So, if you were to look up a person’s transaction history, you will not see “Bob sent 1 BTC” instead you will see “1MF1bhsFLkBzzz9vpFYEmvwT2TbyCt7NZJ sent 1 BTC”. So, while the person’s real identity is secure, you will still see all the transactions that were done by their public address. This level of transparency has never existed before within a financial system. It adds that extra, and much needed, level of accountability which is required by some of these biggest institutions.

Pillar 3: Immutability

Immutability, in the context of the blockchain, means that once something has been entered into the blockchain, it cannot be tampered with.

The reason why the blockchain gets this property is that of the cryptographic hash function.

In simple terms, hashing means taking an input string of any length and giving out an output of a fixed length.

In the context of cryptocurrencies like bitcoin, the transactions are taken as input and run through a hashing algorithm (Bitcoin uses SHA-256) which gives an output of a fixed length. So basically, instead of remembering the input data which could be huge, you can just remember the hash and keep track.

The blockchain gives internet users the ability to create value and authenticates digital information. Following new business applications will result from this:

1. Smart contracts.
2. The sharing economy.
3. Crowdfunding.
4. Governance.
5. Supply chain auditing.
6. Decentralizing file storage.
7. Prediction markets.
8. Protection of intellectual property.
9. Internet of Things (IoT).
10. Neighbourhood Microgrids.
11. Identity management.
12. Anti-money laundering (AML) and know your customer (KYC).
13. Data management.
14. Land title registration.
15. Stock trading.

As revolutionary as it sounds, Blockchain truly is a mechanism to bring everyone to the highest degree of accountability. No more missed transactions, human or machine errors, or even an exchange that was not

done with the consent of the parties involved. Above anything else, the most critical area where Blockchain helps is to guarantee the validity of a transaction by recording it not only on the main register but a connected distributed system of registers, all of which are connected through a secure validation mechanism.

LESSON ROUND-UP

- Business level strategy is a co-ordinated, integrated and a comprehensive action or plan. The purpose of business level strategy is to provide a value to customers by gaining a competitive advantage through exploiting the core competencies in specific individual product/service markets.
- In 1985, Michael Porter in his book “Competitive Advantage: Creating and Sustaining Superior Performance” pronounced the three generic strategies namely “Cost Leadership” (no frills), “Differentiation” (creating uniquely desirable products and services) and “Focus” (offering a specialized service in a niche market).
- The implementation of policies and strategies is concerned with the design and management of systems to achieve the best integration of people, structures, processes and resources in reaching organization objectives.
- An effective implementation of strategy in an organization needs multiple supporting factors.
- An organization is confronted with a number of issues in the process of strategy implementation.
- Structural implementation involves the designing of organizational structure and interlinking various departments and units of the organization created as a result of the organizational structure.
- Behavioural implementation is concerned with those aspects of strategy implementation which have influence on the behaviour of the people in the organization.
- Strategic leadership is defined as the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term viability of the organization while maintaining its short-term financial stability.
- Effective strategic control process should ensure that an organization is setting out to achieve the right things, and that the methods being used to achieve these things are working.
- An e-business strategy is a long-term plan for implementing the appropriate digital technology to enable a firm to manage all of its partners, both internally through the intranet and outside through customers, suppliers, and other partners.
- Artificial Intelligence (AI), or machine intelligence, is the field developing computers and robots capable of parsing data contextually to provide requested information, supply analysis, or trigger events based on findings.

GLOSSARY

Business Restructuring: Business restructuring is an action taken by a company to significantly modify the financial and operational aspects of the company, usually when the business is facing financial pressures. Restructuring is a type of corporate action taken that involves significantly modifying the debt, operations, or structure of a company as a way of limiting financial harm and improving the business.

Strategy: The term strategy has been derived from Greek work “Strategies” which means general. So, the word strategy means the art of general. Thus strategy may be defined as gamesmanship or an administrative course of action designed to achieve success in the face of difficulties. It is the grand design or an overall plan, which a company chooses in order to move or reach the mission and objectives.

Emergent strategy: An unplanned strategy that evolved during the course of implementing the intended strategy.

Balanced Scorecard: Developed by Kaplan and Norton, the concept of a “balanced scorecard” stressed the need to monitor, measure and control strategic performance within four perspectives: Financial, Customer, Internal Business Process, and Learning and Growth. The main value of the balanced scorecard model lies in its emphasis on forging a balanced approach to measuring and managing strategic control factors. It remains for each organization to identify its own key strategy, strategic objectives, strategic initiatives and strategic measurements.

Baseline: The organization’s actual performance level from the most recent reporting period.

Business model canvas: The Business Model Canvas is a strategic management and lean startup template for developing new or documenting existing business models. It is a visual chart with elements describing a firm’s or product’s value proposition, infrastructure, customers, and finances.

Cascading: Cascading is arranging strategic devices (objectives) to ensure collaboration and cooperation downward through all levels of the organizational system in a connected series or sequence, like a waterfall, so that the intended strategy is exhibited from leadership levels all the way to the customer-facing personnel.

Competitive positioning: Competitive positioning is about defining how you’ll “differentiate” your offering and create value for your market. It’s about carving out a spot in the competitive landscape, putting your stake in the ground, and winning mindshare in the marketplace – being known for a certain “something.”

TEST YOURSELF

(These are meant for recapitulation only. Answer to these questions are not to be submitted for evaluation.)

1. Discuss the process of strategy formulation and implementation.
2. Discuss the issues in strategy implementation.
3. Discuss the features of generic competitive strategies.
4. What is strategic leadership? How transactional leadership differ with transformational leadership.?
5. What are the Business Level Strategies and how they are differ with Corporate Level Strategies?
6. Explain the role of cost leadership strategies for the growth of an organization.
7. How Cost leadership strategy differ with Differentiation strategy?
8. Elaborate the strategies to be used for online or e-business.

