



**CORPORATE STRATEGY FOR
ABC COMPANY**

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EXECUTIVE SUMMARY

The subject company alias as ABC Company (ABC) is a local manufacturer of basic essentials in the categories of oral care, household care, personal care and animal care (recently) in consumer retail channels. ABC is a family corporation. It was established in 1988 after the owner's aluminum business closed shop. ABC is now celebrating its twenty fifth (25th) year in the business.

ABC Company is in a rapid-market-growth industry. It has six brands and relies mainly on toothpaste for over two decades now.

This paper aims to help ABC evaluate the company's vision and mission; conduct environmental scanning; establish long term objectives; generate, evaluate and select strategies; and come up with a plan to monitor implementation of the strategies, when adopted.

Applying the various tools and matrices in the environmental factor evaluation and in strategy choices evaluation recommended by David (2011), ABC's environmental factor evaluation scores are summarized below:

External Factor Evaluation (EFE) Matrix	2.486
Competitive Profile Matrix (CPM) Matrix	2.280
Internal Factor Evaluation (IFE) Matrix	2.413

ABC's EFE score is just about midpoint or average. This indicates that the company is generally taking advantage of the opportunities in the external environment and gets to minimize the effects of external threats albeit quite



conservatively – thus, there is still room for improvement. Its CPM score reflects that the company’s current strategies do not respond well to exploit the opportunities or minimize if not avoid the threats in its environment. Also, the company’s IFE score indicates that it is, on the overall, weak internally and is not able to make optimal use of the factors that it is currently strong at.

Based on the above, the following objectives are set out for ABC Company in the next five years, 2013 - 2017:

IMPROVE ABC's:	TO:	BY:
Total Sales Revenues	PhP 4Billion	2017
Net Profit Margin	3%	2013
Net Profit Margin	6%	2014
Net Profit Margin	9%	2015
Net Profit Margin	12%	2016
Net Profit Margin	15%	2017

To achieve the above 5-year objectives, strategy alternatives were formulated using David’s (2011) strategy formulation matrices and the following strategy alternatives turned out to be appropriate for ABC Company:

- SWOT Matrix: Market Penetration (4), Internal Improvements (4), Related Diversification (4), Market Development (2), Unrelated Diversification (1)
- SPACE Matrix: (Market Penetration, Market Development, Product Development, Related Diversification)



- IE Matrix: Market Penetration, Product Development
- GSM Matrix, in particular order: 1. Market development, 2. Market penetration, 3. Product development, 4. Horizontal integration, 5. Divestiture, 6. Liquidation

Evaluating the strategy alternatives and applying the Quantitative Strategic Planning Matrix (QSPM) provided by David (2011), the following strategy alternatives appeared attractive for ABC Company in sequential order of priorities:

- | | | |
|---|-------------------------|---|
| 1 | Related Diversification | Cooperative Arrangements |
| 2 | Internal Improvements | Business Infrastructures, processes, and Organizational Structure |
| 3 | Market Penetration | Sales and Distribution (Reach) Systems |
| 4 | Related Diversification | New Product Developments |
| 5 | Market Penetration | Down line Sales Channel Activations
Re-intro of products previously phased |
| 6 | Related Diversification | out |
| 7 | Market Penetration | Advocacy Marketing |
| 8 | Market Development | New Market Expansion |

In the end, the Author takes all of the strategies above and pushes forward distribution strategy for ABC Company but making use of all the listed strategies whenever applicable. In essence, the recommended strategy will involve the deployment of a distribution system in each regional distribution



partner nationwide alongside massive below-the-line programs and projects such as building routes and mapping sales coverage plans, deployment of pre-sellers and motorized sellers on top of its van sales operations and push-selling and sampling, among others. While having this, ABC must also take leverage on its advocacy campaigns by building a strong story board that will boost the equity of the company's brands. In addition, doing tie ups with academic institutions like private or state colleges and universities are also helpful not only in terms of cost optimization but primarily in terms of collaborative partnership with the community and society in the areas of idea generation and innovation, advertising and media, personnel and talent requirements or even in promoting hygiene and wellness and help sustain or grow the demand for ABC products.

It is also recommended that ABC employs analytical processing software that can help various decision-makers optimize all data and data analyses from among the company's various databases - with speed and flexibilities. Also, putting in place a periodic review and enhancement of internal business processes can be helpful to monitor progress and evaluate success probabilities of various programs and projections.

Cost and expenses attributable to the above shall be sourced from a long-term loan with banks, from re-alignment of budgets and cost-savings and from the operating results, combined.



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