IT and Business Strategies in the Kenyan Leading Organizations

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Abstract

The information technology (IT) strategy is a comprehensive plan that outlines how technology should be used to meet IT and business goals. An IT strategyis a written document that details the multiple factors that affect the organization's investment in and use of technology.A business strategy is how an organization sets out to achieve its desired objectives. It is the long-term business planning. A business strategy will cover a period of about 3-5 years. A business strategy is a set of guiding principles that, when communicated and adopted in the organization, generates the desired pattern of decision making. It is therefore about how people throughout the organization should make decisions and allocate resources to accomplish key objectives. A good strategy provides a clear roadmap, consisting of a set of guiding principles or rules, that defines the actions people in the business should take and the things they should prioritizeto achieve desired goals.

Keywords: Strategy, IT Strategy. Business Strategy, Vision, Mission, Goals, Culture, Structure, Behavior, Communication

Terms and Concepts

Adaptability: A social system's ability to address its internal environment and remain relevant to its chosen audience.

Autonomy: Independence or the ability to choose how to do one's own work even if the work goals are set by someone else.

Backward Vertical Integration: A manufacturer assuming the supply function for their respective value chain.

BCG Matrix: A portfolio analysis tool to assess business unit strength, determined by relative market growth rate and relative market share.

Behaviorism: A psychological theory that believes all mental states, personal attributes, and traits can be reduced to statements of observable behaviors.

Business Strategy: Also known as competitive strategy, it is that strategy developed by the firm's strategic business units that give the firm its competitive advantage.

Closed Systems: Systems that exist in isolation from their external environment.

Concentration Strategies: Growth strategies whereby a firm maintains a competitive focus within their industry.

Concentric Diversification: The development or acquisition of business-lines related to the firm's existing corporate portfolio.

Conflict Management: The process of altering the severity and form of conflict to maximize its benefits and minimize its negative consequences. Between parties, conflict can be resolved through collaboration, accommodation, competition, compromise, or avoidance. Conflict management can also refer to interventions performed by an objective outside the party to de-escalate conflict between two or more parties.

Conflict: Situation in which one party believes that its interests are negatively affected by another party.

Conglomerate Diversification: The addition of unrelated lines of business to the corporate portfolio.

Contingency Approach: A foundational concept in organizational behavior theory in which it is recognized that the consequences of an action may differ depending on the given situation in which it is performed.

Copability: A social system's ability to create and sustain a viable internal environment.

Core Competency: The collection of a firm's internal strengths that are sources of competitive advantage.

Corporate Strategy: The game-plan developed by top management for how a corporation intends to compete Within its respective industry.

Culture: The shared perceptions of the values, goals, and beliefs of the organization.

Defensive Strategies: Those strategies a firm employs when experiencing financial trouble.

Diversification Strategy: Adding related or unrelated products/services to the firm's core business.

Divestiture: Spin-offs of a firm's business assets because of unprofitability or because it does not represent a good strategic fit with the firm's core business.

Eclectic: Selecting what appears to be the best of various theories and ideas and combining them in a new way.

Empirical: Theories or evidence that are derived from, or based on, observation or experiment.

Employee Turnover: An employee's voluntary decision to leave an organization. It is measured in the percentage of workers who must be replaced in a given period. To arrive at this percentage, divide the number of leavers into the number of total employees.

External Workplace Factors: Factors that create dissatisfaction or satisfaction that cannot be controlled by management. (Remember these factors can be either tangible or intangible).

Formal Organization: The goals, structure, skills, technology, and other resources of the organization that are readily observable to others.

Forward Vertical Integration Strategy: A manufacturer taking over the distribution function for their product.

Full Vertical Integration: A firm taking over the entire value chain of supplying the inputs of production (i.e., raw materials or component parts), manufacturing the product, and distribution of the product.

Functional Strategy: Strategy flowing from organizations' functional areas, developed in furtherance of the corporate and business-level strategies.

GE Business Screen Matrix: A more comprehensive derivation of the BCG Matrix, which considers portfolio analysis on low, medium, and high dimensions, based on industry attractiveness and competitive position.

Homogeneous: A group in which all members are the same or similar in values, views, and beliefs.

Horizontal Integration: When a firm acquires competitors in the same industry.

Informal Organization: The attitudes, values, feelings, interactions, and group norms that affect organizational functioning and effectiveness.

Internal Workplace Factors: Factors that create dissatisfaction or satisfaction within the work environment that is controlled by management. (Remember these factors can either be tangible or intangible).

Johari Window: A model of interpersonal communication that encourages the use of disclosure and feedback to decrease communication barriers and increase open communication.

Joint Ventures: Temporary partnerships between two firms, used when both firms wish to capitalize on a mutually beneficial opportunity.

Leadership Theory: Models of the ways in which to influence others while helping them to achieve the goals of the team or organization.

Liquidation: Selling off a company's assets for their tangible net worth; signals the end of the firm's existence.

Motivation: The needs and thought process that determine a person's behavior. Motivating factors do not necessarily remain constant but may change with the individual's current circumstances.

Non-Integration: The use of contractual arrangements, i.e., long-term agreements between the firm and its suppliers and/or distributors to provide services over a specified period.

Open Systems: Systems that are in a constant state of interaction and exchange with their external environment.

Organizational Culture: The set of basic shared assumptions, values, and beliefs that affect the way employees act within an organization.

Organizational Environment: The physical, legal, political, social, and cultural elements that influence an organizational system.

Organizational Sociology: A field of sociology that applies sociological theories and methods to the study of organizational processes and structures.

Organizational Studies: The study of social interactions and structures in organizations.

Organizations: Goal-oriented social groupings.

Quasi-Integration: An arrangement whereby a company does not make any supplies or distribute any of its products but owns a partial interest in a supplier or distributor to guarantee access to supplies or distribution channels.

Retrenchment Strategy: The imposition of cost reductions, with an emphasis on improving the operational efficiency of the firm.

Scientific Method: Cornerstone of organizational behavior theory in which a systematic approach is used to understand some aspect of behavior in the workplace by individuals, teams, or organizations. The scientific method is based on controlled and systematic data collection, interpretation, and verification in a search for reproducible results. In organizational behavior theory, the goal is to be able to apply these results to real-world applications.

Self-Actualization: The full attainment of one's potential.

Social Systems: The social organization of groups of people.

Society: A group of individuals united by values, norms, culture, or organizational affiliation.

Sociology: The scientific study of human social behavior, human association, and the results of social activities.

Status Quo: The current situation; a preference for leaving things as they are and resisting change.

Strategic Business Units: Divisions and subsidiaries within a multi-business firm.

Strategy: "The art of devising or employing plans or stratagems toward a goal" (Merriam-Webster, 2007).

Synergy: The process by which the combined product resulting from the work of a team of individuals is greater than the results of their individual efforts

Systems Theory: Cornerstone of organizational behavior theory that assumes that the organization comprises multiple subsystems and that the functioning of each affects both the functioning of the others and the whole organization.

Taper Integration: A firm relies on outside firms for 1) supplying only a portion of production inputs or 2) distributing a portion of its products.

Transnational Organizations: Organizations withholdings or operations in more than one country.

I. Introduction

IT strategy

IT strategy should cover all facets of technology management, including cost management, human capital management, hardware and software management, vendor management and risk management.Executing an IT strategy requires strong IT leadership; the chief information officer (CIO) and chief technology officer (CTO) need to work closely with business, budget and legal departments as well as with other lines of business and user groups to achieve its success (Bharadwaj, El Sawy, Pavlou, & Venkatraman, 2013).

Organizations formalize their IT strategy in a written document or balanced scorecard strategy map. The plan and its documentation should be flexible enough to change in response to new organizational circumstances, market and industry conditions, business priorities and objectives, budgetary constraints, available skill sets and core competencies, technology advances, and user needs (TechTarget, 2019).

Basics of an IT strategy

A strong IT strategy provides a blueprint of how technology supports and shapes the organization's overall business strategy. Its strategic goals should mirror business projects (business alignment) and consider the needs of key stakeholders including employees, customers and business partners. The strategy should offer a look at the organization's current technology posture and provide an idea of where IT should head over the next three to five years (Bharadwaj, El Sawy, Pavlou, & Venkatraman, 2013).

There are different models that help executives construct an IT strategy, yet most contain certain key elements including:

- A high-level overview of the IT department that covers its mission, core values, objectives and approaches to accomplishing its goals.
- Current budgets and spending forecasts for a multiyear timeline.
- An outline of current and future IT projects and initiatives with timelines and milestones.
- A catalog of existing enterprise architecture; IT department capabilities and capacities; and future needs and requirements with details about infrastructure, staffing and other necessary resources.
- An analysis of IT's strengths and weaknesses.
- A list of the internal and external forces (such as market and industry trends) that shape current technology requirements and innovations as well as the future forces expected to shape IT.
- A prediction of the potential opportunities and vulnerabilities that will necessitate technology responses to best position the organization for success.

Although the IT strategy by its very nature needs to address complex technology details, it should not be considered a technical document, but rather a business document. As such, it should be written in clear, concise language that's free of technical jargon (TechTarget, 2019).

II. Problem Statement

The lack of IT and business strategies undermine the growth, sustainability, and profitability of organizations. An IT strategy has become a critical element for organizational leadership in recent decades (Bharadwaj, El Sawy, Pavlou, & Venkatraman, 2013). Its growing importance mirrors the rise of the technology itself as a critical element for business success. The importance of an IT strategy has been amplified over the past few years as organizations focus on digital transformation and thriving in the digital age. Technology is essential for creating new business models, products and services; enhancing customer service as well as customer experiences; increasing sales; enabling workers and improving productivity and supporting interactions with vendors and other business partners. Managers must formulate a technology strategy to accomplish those things as well as compete against others with the same objectives (TechTarget, 2019). Some managers fold IT strategies into the overall business strategy to create a single unified document. The specific problem is that managers in some Kenyan organizations lack the strategies to drive the organization growth and sustainability.

III. Literature Review

The Need for Business Strategy

In almost every case, it is ideal to retain customers than to constantly chase new ones. And this is one major area where business strategy is extremely necessary. In the absence of a sound business plan, the manager will find it hard to generate customer loyalty. Businesses that have no specific guidelines on how to cater to existing customers risk alienating the later and a competitor can easily snatch them out of the hand just by emphasizing on customer service. So, what manager need to do is develop a robust system of follow-up where calls are made, and emails are sent to repeat customers not only to ensure that their products are operating properly but also to let them know that the business cares for them. And depending on the line of the business, the manager can also send a greeting card and gifts to repeat clients on occasions like Christmas. Another place in which a business strategy comes in handy is resource allocation, as mentioned in the opening. The business, no matter how big, will always have limited resources on hand, which necessities the need for efficient management so that these resources can be used with maximum efficacy. A sound business plan helps manager weave together resources like employees, brand value, clientele, trademarks, and supply partners etc., to achieve a competitive advantage and create products and promotion that speaks directly to the target market. If resources are not managed efficiently, then the business is likely to lose both revenue and customers in the long run. Thirdly, business expansion is also a goal which cannot be achieved without the strategy. If the expansion goals are laid out in detail, then it will help team leaders and executives to explore opportunities outside of the standard business practice to facilitate company expansion. The manager will be able to set aside the budget and hire appropriate people for market research that can not only collect and collate data but also analyze trends to help manager spot untapped niches (CioIndex, 2019).

Types of Business Strategy

Porter (1980) laid out three different types of strategies in business: differentiation, overall cost leadership, and focus. Any of these business strategies can be effective in the long term, but each has its own priorities for resource allocation:

- Differentiation: Companies undertaking this strategy must prove to the customer that they are different (and better) than the competition. A differentiation business strategy is less concerned with price. The company can command higher prices for products or services because they stand out in some way; they are worth the extra money. The long-term strategy is to cut costs in the areas that don't contribute to the differentiation, so the manager can remain cost competitive. Starbucks, for example, charges more for its coffee than Dunkin' Donuts. But it differentiates itself by focusing on high-quality products and sustainability, and by cultivating a brand image as the coffee of choice for the busy professional.
- Cost Leadership: This is an easy business strategy to explain, but it's difficult to implement. The whole goal here is to be the cheapest provider of the product or service. Wal-Mart is the perfect example of cost leadership. They focus on providing a wide range of goods; customers can buy almost anything there, from Easter baskets to caskets at rock-bottom prices. For most small business professionals, this strategy is out of reach. It works for large companies because they are selling on a massive scale. But the manager doesn't want to reduce the profit margins when the managerhas fewer customers.
- Focus: Unlike differentiation and cost leadership strategies, a niche business strategy focuses on one small portion of the market. Managers are fulfilling a need that perhaps fewer people have, but there's less competition from other businesses. Think about craft beers or nursing scrubs. The marketing efforts are targeted, which can make them easier to hit. If a manager is advertising the dog food in Dog Fancy magazine, the manager is reaching people who own or are interested in dogs (Flynn, 2013).

Categories of Business Strategy

A business strategy is concerned with major resource issues e.g. raising the finance to build a new factory or plant. Strategies are also concerned with deciding what products to allocate major resources to (Flynn, 2013).
Strategies are concerned with the scope of a business' activities i.e. what and where they produce. For example, BICfocused on three main product areas - lighters, pens, and razors, and they have developed super-factories in key geographical locations to produce these items.
Two main categories of strategies are:

Generic Strategies: The main types of generic strategies that organizations can pursue are:

- Growth i.e. the expansion of the company to purchase new assets, including new businesses, and to develop new products. The Inland Revenue has expanded from being just a tax collector to other functions such as collecting student loan repayments and paying tax credits.
- Internationalization/globalization i.e. moving operations into more and more countries. For example, companies like Gillette, Coca-Cola, Kellogg's, and Cadbury Schweppes are major multinationals with operations across the globe.
- Retrenchment involves cutting back to focus on the best lines. The Americans refer to this as 'sticking to the knitting' - i.e. concentrating on what manager do best.

Competitive Strategies: Competitive strategies are also important. Competitive strategies are concerned with doing things better than rivals. To be competitive a firm shouldn't just copy the ideas of rivals. They should seek to out-compete rivals. There are two main ways of being competitive.

- By selling goods at lower prices than rivals. This is possible when a firm is the market leader and benefits from economies of scale.
- By differentiating the product from those of rivals - which enables the manager to charge a higher price if desired.

The airline industry is divided into two main segments. At one end of the market are the premium price category firms such as British Airways that concentrate on differentiation. They offer better service to passengers, more legroom, in-flight entertainment, and more individualized attention. At the other end of the market, the emphasis is on being the low-cost producer and was exemplified by 'no frills' airlines such as Ryanair. Ryanair focuses on short haul destinations and keeping its planes in the air as frequently as possible in a 24-hour period.

- Economies of scale - The advantages that large firms have from producing large volumes of the output enabling them to spread their costs over more units of output.
- Differentiation - Making a product different from rival offerings e.g. through packaging and labelling, customer care, additional extra features, etc.

Approaches to Business Strategy

- Internally-Driven Organizations: Most organizations are internally driven, which means that their strategy is driven by what they have done in the past; their thinking is inside out. The weakness of this strategy is that organization members are not anticipating changes that are happening in the marketplace.
- Customer-Driven Organizations: Customer-driven organizations are those who try to be close and ready to listen to the customer. The problem with the approach is that these organizations end up trying to be "all things to all people."
- Market-Driven Organizations: Lastly, Market-driven organizations base their strategy on making conscious choices about which markets they will serve and how they will add value. High-performance organizations not only participate in the strategy process, but they also understand which strategy will propel their organizations forward.

Elements of Business Strategy

The aim of every business is to be sustainable and to stand out from the crowd and attract customers. A coherent business strategy will help the manager understand the performance of a company, what drives that performance, how it can be increased, as well as protecting the company against future risks. All business is risky, and no business plan can truly determine exactly what will happen in the future. The market may seem safe now, but what about in five years? How will the business cope if competitors dramatically lower their prices? Or valuable employees lose morale, therefore, lower performance? Every business needs a safety net of protocol to help them make those tough decisions. What a documented strategy can do is give the business the extra support and guidance it needs if put to test. Here are some of the key elements for a good business strategy:

- Creating the key objectives and goals of the business for the short and long term and creating message employees and colleagues can stand behind.
- Reflecting critically on the real weakness of the business internally and externally.

- Evaluating the possible risks,the business may encounter. i.e. weakness in product/service performance compared to the competition.
- Evaluating future market changes that will or may affectthe customer and anticipating those changes.
- Describing the financial features and requirements. For example, displaying the costs, ROI, and profits and losses, and what future investment may be needed.

Once the managerhas created the business strategy it is important to then monitor its success. The manager can make sure the business strategy is on schedule and progress is always on track by using this planning document as a benchmark (Flynn, 2013).

Formulating a Business Strategy

The 6 steps described here will guide manager in formulating a strategy; they involve looking outside and inside theorganization, thinking about how the manager will deal with threats and opportunities as they present themselves, building a good fit with strategy supporting activities, aligning resources with goals and organizing for execution.

- Look outside to identify threats and opportunities: There are always threats in the external environment: new entrants, pressures from suppliers e.g. single point of failure, substitute products the customers are drawn to, the customers purchasing power etc. The external world also presents opportunities: new technology, unexploited market and so forth. The following questions are pertinent:
    - What is the economic environment in which we must operate and how is it changing?
    - What opportunities for profit lie before us?
    - What are the risks associated with various opportunities?
    - Look inside, at the resources, capabilities and practices: Resources and internal capabilities can be a constraint on the choice of strategy, especially if the organization is a start-up with few employees and fixed-assets. A strategy can succeed only if it has the backing of the right set of people and other resources. The following questions are pertinent:
        i. What are our competencies? How do these give us an advantage over the competition?
        ii. What resources constrain or support our actions?
- Consider strategies for addressing threats and opportunities:
    - Create many alternatives. There is always more than one way of doing things.
    - Check all facts and question all assumptions.
    - Assess what key information manager re missing to better assess a strategy, and then get the information.
    - Vet the leading strategy choices among the wisest heads manager know (this does not need to be the team).
- Build a good fit among strategy-supporting activities: Strategy is more than just winning customer; it is also about combining activities into a chain whose links are mutually supporting and effective in locking out the competitors. The competitive advantage comes from the way the activities fit and reinforce one another. For example, if the organization pilots an airline company and the strategy is based on a rapid gate turnaround, the manager can make frequent departures and better utilize the aircraft assets, this will support the low-cost, high convenience proposition manager offer to customers. Each of these activities supports the others and the higher goal.
- Create alignment: Developing strategy is half the job. The other half is creating alignment between the strategy and the people and activities of the company. In other words, every employee at every level must 1) understand the strategy and 2) understand his or her role in making the strategy work. Alignment also involves other resources: marketing must be focused on the right customers, bonuses must be aligned with behaviors and performance that advance the strategy, and physical assets must be deployed – aligned with the highest goals of the organization.
- Be prepared to implement: After manager have a strategy manager have a free hand in organizing around it: hiring people with the necessary competencies, acquiring the right equipment, structuring resources, and so forth.Consider the order of the 4 S's: **structure follows strategy, and staffing follows structure, and manager holds the strategy together with systems.**

If the strategy is disappointing, the manager must be willing to 1) recognize the bad news and 2) respond quickly with a revised strategy. A start-up business should be viewed as an experiment. If the experiment fails to produce the desired results, be prepared to change – and quickly (Flynn, 2013).

Implementing Business Strategy

Implementing the plan includes several different pieces and can sometimes feel like it needs another plan of its own. The steps below may be used as a base implementation plan. Modify it to make it the own timeline and fit the organization's culture and structure.

- Finalize the strategic plan after obtaining input from all invested parties.
- Align the budget to annual goals based on the financial assessment.
- Produce the various versions of the plan for each group.
- Establish the scorecard system for tracking and monitoring the plan.
- Establish the performance management and reward system.
- Roll out the plan to the whole organization.
- Build all department annual plans around the corporate plan.
- Set up monthly strategy meetings with established reporting to monitor the progress.
- Set up annual strategic review dates, including new assessments and a large group meeting for an annual plan review.

Benefits of Having a Business Strategy

Clarity, focus, and direction. If a manager has a business strategy in place, the manager will be clear on where the business is now, where it is going and what manager need to do to get there. This will give the business clarity, focus and direction as the manager can align the business to achieving the business strategy. The manager will be making the business strategy happen rather than letting the business drift along without purpose (Flynn, 2013).

Drive and impetus. Developing the business strategy will give the manager and the team the drive and impetus to perform at the best and take the business to where the manager wants it to be.

A better understanding of the current business. To develop a business strategy,the manager needs to understand where the business is now. This involves looking at the business overall, including the key internal drivers such as financial performance, customer satisfaction, staff turnover, sales and marketing trends, conversion rates etc. The manager will also need to consider the strengths, weaknesses, opportunities and threats associated with the business and understand the external business environment, the competitors and the market manager are in. This will all put the business in a much better place to move forward.

Agreement on the longer-term future of the business. In developing the business strategy,the manager will agree on the longer-term vision and what manager want the business to achieve. The manager may be looking to increase the profitability by x%, to create value in the business for a future sale or keep the business at the size it is now. By working on the strategy and debating the issues manager will come to an agreement in the business as to where manager want the business to be in the longer term.

Identifying the key steps needed to achieve the strategy. Working on the business strategy will enable the manager to identify the key steps and milestones to move the business from where it is now to where manager want it to be. This will be invaluable for informing the planning and day to day business activities.

Promote discussion, debate and alignment in the business. To arrive at a business strategy that everyone in the business supports manager will need to have a lot of discussion and debate within the business and amongst the senior team about where the business is now, where the manager wants it to go and how managers are going to get there. By getting to an agreed strategy as a team this will align everyone on the same track and wavelength giving the manager more chance of success.

New opportunities for the business. Reviewing and working on the business strategy involves a lot of creative thinking which is likely to generate new ideas and opportunities for the business which manager may not have identified otherwise.

Time to reflect and re-look at the business. Spending time on the business strategy will mean stepping back from the day to day of running the business, reflecting on the business and re-looking at all areas of the business. The manager will find that this reinvigorates the business and team and challenges the status quo.

If managers know where they are going they have more chance of getting there. If managers don't have a business strategy they are not clear on where the business is going, and it is unlikely they will move the business to where they want it to be. Having a strategy in place increases the chance of getting there.

Better business results. Developing a business strategy is likely to lead to better business performance as managers are focused on taking the business to where manager want it to be. Managers are less likely to get distracted and waste time on areas that are not moving manager towards thelong-term objectives (Flynn, 2013).

Success Factors of Social Business Strategy

Social business is not a marketing strategy or a technology roadmap but rather a way or philosophy of how business could be done differently; in a much more human manner. Let's start with Altimeter's definition of a successful Social Business Strategy (SBS). It is one that aligns with the strategic business goals and has alignment and support throughout the organization.

Define the overall business goals: Managers cannot align the social strategy with the business objectives if the manager does not even know what the objectives are.

Establish the long-term vision: If managers are not striving toward the end goal, they arelikely to veer off the path. If the manager wants the team to fully invest in the social strategy — and the manager needs the support of the entire team – managers need to communicate the vision with clarity and passion.

Ensure executive support: In the early days, the manager may be able to fly under the radar, but at some point, if the manager wants to truly have an impact on the business, managers need the backing and support of key executives.

Define the strategy roadmap: Manager already know the business objectives and have a clear vision. But how are managers going to get there? Plan out the route, what roads managers travel, and what roads managers avoid.

Establish governance and guidelines: Who is responsible for executing the social strategy? What's the process of listening and responding to the customers? If a manager clearly defines this process and then stick to it, then the managerspends less time floating along throughout the social sphere and more time strategizing the social growth.

Secure staff, resources, and funding: In the early stages of social growth, the manager might outsource the social media campaign to an agency, and that's fine. But the manager should also be looking down the road and planning to develop internal resources to take the company to the next level as the social prowessand the businessgrows.

Invest in information technology (IT) platforms that evolve: Resist the temptation to jump on the latest technology bandwagon before managers have a long-term strategic plan in place. Hold off on making significant technology investments until managers are equipped with a sound vision and strategic plan (Flynn, 2013).

Figure 1. source: (BrianSolis. 2019).

The Importance of Business Strategy

The strategy is fundamental to the success and **sustainability** of any organization for the following reasons:

- Understanding the company and industry: Strategy allows organizations to develop a clearer understanding of their own organization and what's required for them to succeed. It helps organizations understand their core capabilities, identify and address weaknesses and mitigate risks. It can help organizations better design themselves so that they are focusing on the right things that are the most likely to deliver the best performance, productivity and profit both now and in the future.
- Growing in a changing world: Understanding what is taking place within the external environment is important in preparing a strategy that will ensure long-term profit and growth. Understanding changes that are taking place in the industry, or with the marketplace is important. Because if the manager doesn't adapt manager die. Even successful businesses need to realize that what made them successful today is not what will make them successful tomorrow. With the rate of change becoming faster every year, it's increasingly important that we understand what trends are going to impact on our business and our industry, and how we're going to respond to them. Whether political, social or technological, we need to what changes are going to affect our businesses. And we need to know how our organization can respond to them. It enables us to find opportunities for growth and sustained profitability and it can help us identify and respond to changes that could make us extinct. In the same way that the motor vehicle put many horsewhip makers out of business, it's important that manager understand what can affect the manager and the business both short term and long term.
- Creating a vision and direction for the whole organization: All organizations and their staff need to understand their purpose, their destination and the course they're taking to get there. A company without a strategy is akin to sending the staff into the desert and leaving them to follow mirages in search of water. Without a destination and focus in mind, the staff will wander aimlessly from one activity to the other never knowing what to focus on or how to prioritize. Providing an organization with a common purpose, goals and a set of actions to reach the goal ensures that everyone is working for the same outcome (theorganization's success) and that time and resources are being allocated to the same goals and objectives. Simply it streamlines the business and ensures every dollar and minute manager spend on the business is in the direction of the sustained success. While the strategy is can be difficult for many organizations to commence, its benefits are far-reaching and many. From creating new business opportunities to

streamlining the operations and engaging staff, a well-formulated strategy will enable increased growth, productivity and profit both now and into the future.

Integrated Strategy Model
There are many 'plans' that seek to help manage a business. The business plan, the marketing plan, the strategic plan, the project management plan, etc. Integrated Strategy Model (ISM) combines those 'plans' into one comprehensible, integrated, one-page model. It focuses on inter-relationships between the different parts of the model - particularly how one part of a plan affects the others

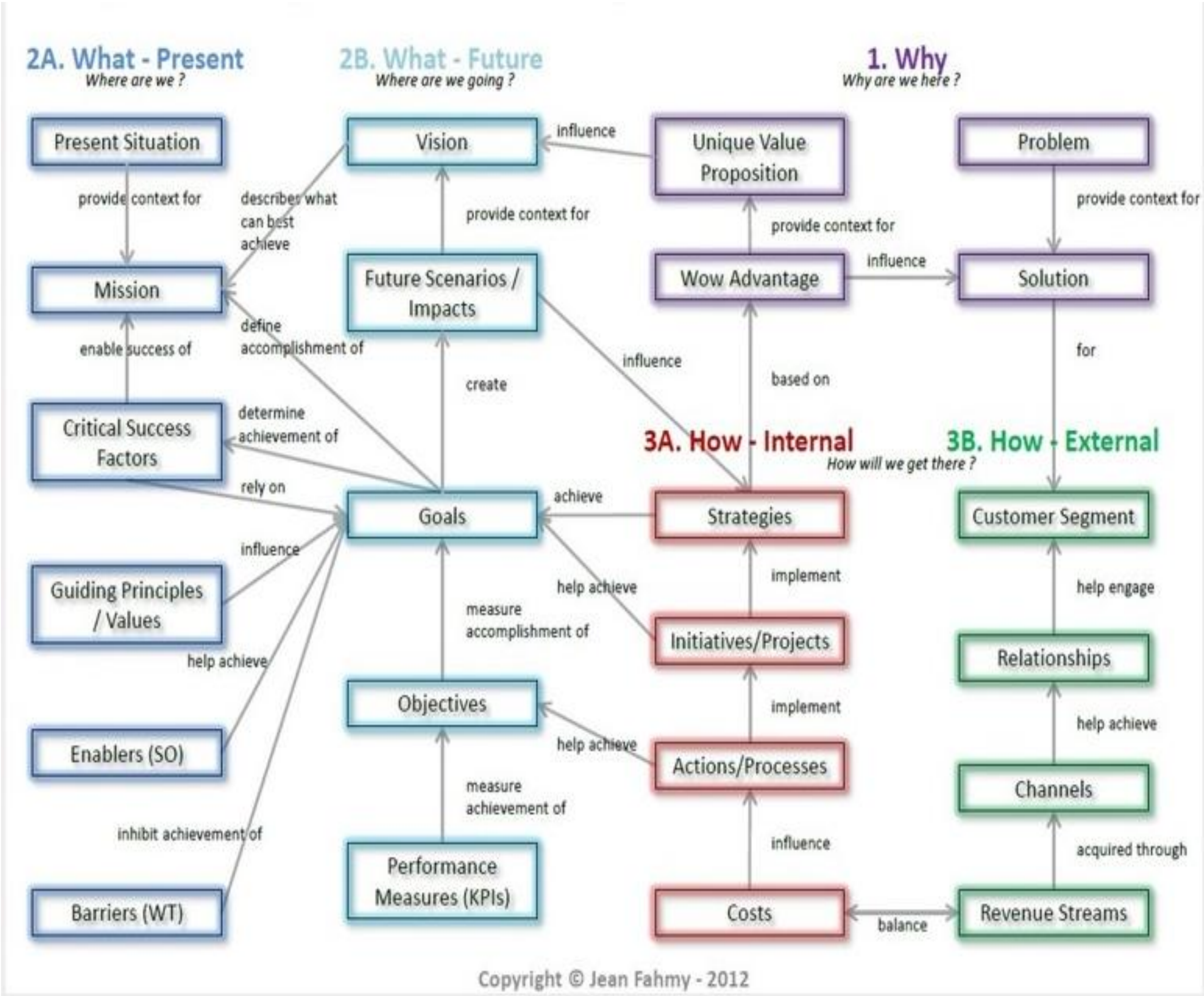

Figure 2. Source: (JeanFahmy, 2019).

Watkins (2007) illustrated in the Harvard Business Review (HBR) that mission is about what will be achieved; the value network is about with whom value will be created and captured; strategy is about how resources should be allocated to accomplish the mission in the context of the value network; and vision and incentives is about why people in the organization should feel motivated to perform at a high level. Together, the mission, network, strategy, and vision define the strategic direction of a business. They provide the what, who, how, and why necessary to powerfully align action in complex organizations (HBR, 2019).

Watkins discussed how to demystify strategies to align decision making in businesses. The author reflected on the struggle of many business leaders with their business strategies. The author identified the benefits of a good strategy, including the accomplishment of key objectives and the establishment of relationships with suppliers, customers, employees and investors (Watkins, 2007).

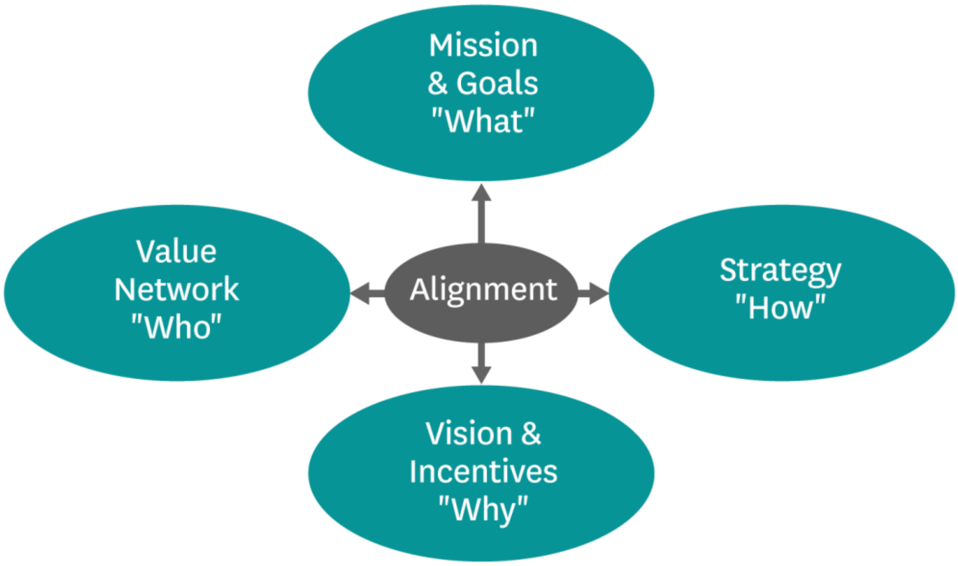

Figure 3. Demystifying strategy. Source: (Watkins, 2007).

IV. Corporate Strategy

Strategy

The strategy is “the art of devising or employing plans or stratagems toward a goal" (Merriam-Webster online, 2007). Within a broad business context, the strategy is an integrated set of plans for achieving long-term organizational goals. Multiunit corporations have three levels of organizational strategy: corporate strategy, business strategy, and functional strategy. "Corporate strategy concerns two different questions: what businesses the company should be in and how the corporate office should manage the array of business units" (Porter, 1987). In a broad sense, corporate strategy establishes the overall direction of the firm. Also, corporate strategy is a smaller part of a larger and distinct process known as the strategic management process, consisting of several interrelated stages, of which corporate strategy development falls within the strategy formulation stage. (There are four fundamental stages of strategic management: environmental scanning, strategy formulation, strategy implementation, evaluation and control.) Strategy formulation exists on a three-level hierarchy. Typically, the strategy formulation process is an interactive top-down process beginning with the corporate-level strategy developed by top management, followed by the business and functional levels of strategy. Yet, depending on the organization, managers at the functional and business levels provide varying degrees of input throughout the entire strategy formulation process (Davison, 2013).

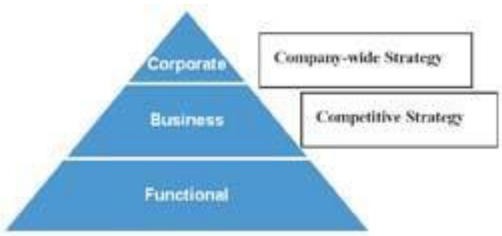

Figure 4. Source: (Davidson, 2013).

Business Strategy: Once corporate strategies are developed; the focus is on formulating business-level strategies. Business strategy is sometimes referred to as a competitive strategy(Porter, 1980), i.e., the strategy that gives the firm a competitive advantage. Business strategy development occurs within a multi-unit firm's divisions and subsidiaries, sometimes referred to as strategic business units or SBUs. A firm's internal strengths are sources of competitive advantage and are collectively defined as a firm's core competency. Porter (1985) outlined a set of generic business strategies, such as a cost leadership strategy, emphasizing low-cost production or distribution of products. Also, differentiation strategy may be used, which distinguishes company products and services based on superior service, quality, unique features, etc. Either strategy may opt to target a broad market or focus on a narrow market segment.

Functional strategy flows out of an organization's functional departmental areas, developed in furtherance of the corporate and business-level strategies. Functional area strategies include:

- Operations Strategy: Designing production processes that meet customer product/service requirements.
- Financial Strategy: Preparing budgets and securing needed financial resources.
- Marketing Strategy: Identifying customers, customer requirements, pricing strategies, promotional methods, and distribution channels.
- Human Resource Strategy: Recruiting, selecting, training, compensating, and organizing employees.
- Research & Design Strategy: Creating new products or updating existing products and services.

Applications

Corporate strategy responds to several questions related to how a firm intends to compete on a broad scale. How will the corporation grow? What businesses will the firm compete with? Is growth strategy an appropriate option to choose from? If so, does the firm possess the financial capability to grow? Is the firm's target market attractive enough to allow for growth in their current industry? Must the firm look outside of its current industry for growth opportunities, and if so, which industries? These are but a few of the questions corporate strategy addresses. Depending on the answers to these questions, the corporate-level strategy is addressed through the growth strategy or a defensive strategy alignment.

Note that growth strategies may be pursued by internal or external means. For example, when choosing internal growth mechanisms, a firm develops and markets new products, improves upon existing products, or sells existing products to new markets. Alternatively, when a firm implements external growth strategies, the firm acquires growth assets outside of the organization.

Growth Strategy

The growth strategy is that strategy employed to grow a firm's profits and lies within two broad categories: diversification and concentration. Diversification strategy adds products/ services somewhat related or unrelated to the firm's core business. Concentration strategies are those growth strategies whereby a firm maintains a competitive focus within their industry. The two types of concentration strategies are vertical integration and horizontal integration.

Concentration Strategies

With vertical integration strategy, a firm takes over the supply function and/or distribution function that was previously handled by outsiders. There are several types of vertical integration strategies: forward vertical integration, backward vertical integration, and full integration.

Forward vertical integration strategy involves a manufacturer assuming the distribution function for their product. A failed attempt at forwarding vertical integration is personal computer maker Gateway's attempt to distribute PCs through company-owned retail stores. This strategy was a failure due to the high overhead costs associated with their bricks-and-mortar retail stores. Gateway switched to marketing PCs exclusively through their website and over the phone.

More successful examples of companies taking over the distribution function are found in the factory outlet shopping mall phenomenon. In effect, various manufacturers sell their products directly to consumers through company-owned stores; companies such as Nike, Tommy Hilfiger, Sketchers, Pepperidge Farms, Samsonite, etc. However, unlike Gateway, these companies do not rely on forward vertical integration entirely, as they also rely upon third-party retailers for the bulk of their sales. More on the degrees of vertical integration shall be discussed later in the topic.

Backward vertical integration is when a firm assumes the supply function for their respective value chain. With increasing global competition and the rising costs of commodities, (e.g. copper, rubber, aluminum, iron, and oil etc.), a trend shows an increased amount of backward vertical integration activity. To ensure reliable supply and to control costs, manufacturers have been acquiring suppliers of critical inputs to their production processes. Examples include Japan tire manufacturer Bridgestone's purchase of an Indonesian rubber plantation, and Toyota acquiring a controlling interest in its main supplier of batteries for its hybrid vehicles (Gross, 2006).

On the other hand, Bob Evans Farms Inc. has always relied on a backward vertical integration strategy. Best known for offering pork sausage products to the retail grocery market, Bob Evans controls the supply function of their business by raising and slaughtering hogs on company-owned farms, then preparing and packaging their park sausage products for sale.

Full integration occurs when a firm takes over the entire value chain of supplying the inputs of production (i.e., raw materials or component parts), manufacturing the product, and distribution of the product to the ultimate consumer. Examples of complete vertical integration are oil and gas companies such as ExxonMobil, BP, and Royal Dutch Shell PLC, etc. These fully integrated companies engage in oil exploration, extract crude oil with their own drilling operations, refine oil into gasoline at company-owned refineries, and then distribute gasoline products through company-owned gas stations.

Note that vertical integration exists in varying degrees along the value chain. The ranges of vertical integration are non-integration, quasi-integration, taper integration, and full integration (Harrigan, 1984).

Full Integration (discussed above) is when a manufacturer retains in-house responsibility for its suppliers and is the sole distributor of its products.
Taper Integration occurs when a firm is forward or backward vertically integrated yet relies on outside firms for supplying only a portion of production inputs or a portion of distribution needs.
Quasi-Integration is an arrangement whereby a company does not make any supplies or distribute any of its products but owns a partial interest in a supplier or distributor to guarantee access to supplies and distribution channels. For example, in a forward quasi-integration arrangement, PepsiCo could purchase a partial equity interest in the Kroger supermarket chain to ensure access to Kroger's distribution network. Or in a backward quasi-integration arrangement, GM could conceivably acquire a minority equity interest in a supplier of automotive electrical components.
Non-integration involves the use of contractual arrangements, i.e., long-term agreements between the firm and its suppliers and/or distributors to provide services over a specified time. With this type of arrangement, no ownership transfer or exchange of assets occurs. The automotive industry commonly makes use of such non-integration arrangements.

Horizontal Integration is when a firm acquires a competitor in the same industry. Also, horizontal integration tends to be the most preferred growth strategy for many industries. Mergers and acquisitions are the typical methods by which horizontal integration is achieved (David, 1996).

For example, the personal computer industry has undergone several horizontally integrated transactions with Gateway Computer's acquisition of low-cost rival e-Machines, and HP's merger with rival pc-maker Compaq. Likewise, in the telecommunications sector, SBC Communications merged with AT&T. Automotive industry examples of horizontal integration are Ford Motor's acquisition of Volvo, Jaguar, Aston Martin, and Land Rover, as a way of quickly moving into a high-end automotive segment. Other examples include GM's acquisition of Swedish car-maker Saab and Germany's Daimler-Benz acquisition of US-based Chrysler Corp.

Diversification Strategies
Diversification strategies are of two varieties: concentric diversification and conglomerate diversification.

Concentric diversification is an assortment of related products in the firm's portfolio. As one of the world's largest food and beverage companies, PepsiCo Inc. represents an example of concentric diversification. The company's related business units include:

- Frito-Lay snacks
- Pepsi-Cola beverages
- Gatorade sports drinks
- Tropicana Juices
- Quaker Foods

On the other hand, conglomerate diversification is a collection of unrelated lines of business in the corporate portfolio. For example, when many people think of General Electric (GE), they automatically think of light bulbs or appliances; yet the GE of today is a truly diversified conglomerate, made up of six business units:

- GE Infrastructure consists of aircraft engines, energy, oil and gas, rail and water process technologies, and more.
- GE Commercial Finance provides loans, operating leases, financing programs, Commercial Insurance, and reinsurance products.
- GE Health offers medical imaging and information technologies, medical diagnostics, patient monitoring systems, performance improvement, drug discovery, and biopharmaceutical manufacturing technologies.
- GE Industrial includes appliances, lighting and inducts, factory automation systems, etc.
- GE Money offers financial products such as credit cards, personal loans, mortgage, and motor solutions.

NBC Universal is a media and entertainment business consisting of news production, movies, theme parks etc.

Defensive Strategy

Defensive strategies are those strategies used when experiencing financial trouble, indicated by declining sales and profits. The need for retrenchment strategy may be due to an industry-wide problem (e.g., an unattractive industry such as a typewriter company) or a firm-specific problem (e.g., poor management, lack of financial resources, etc.). There are four types of defensive strategies that firms employ: retrenchment, divestiture, joint venture, and liquidation (David, 1996).

Retrenchment strategy (also known as turnaround strategy) involves the imposition of cost reductions, with an emphasis on improving the operational efficiency of the firm. An example of a successful turnaround effort is Nissan Motors Ltd.

In 1999, after seven straight years of record unprofitability, Nissan named as its new CEO, Carlos Ghosn, an executive vice president from Renault. As part of his retrenchment strategy, Ghosn closed manufacturing plants in Japan, reduced employee headcount by 21,000, cut in half the number of suppliers to around 600, and reduced parts costs by 20 per cent. Under Ghosn's leadership, Nissan went from a $5.5 billion loss in fiscal 2000 to a $2.7 billion profit in 2001; far exceeding expectations.

Divestiture involves the spin-off of a firm's business units that are unprofitable or do not represent a good strategic fit with the firm's core business. IBM's former desktop personal computer business is a prime example. In 2004, IBM sold its personal computer business to Chinese computer maker Lenovo Group for $1.75 billion. IBM's rationale for the deal was a continuation of IBM's strategy shift from selling low-margin hardware products to selling higher-margin consulting services, software, and high-end computers. Likewise, IBM viewed the deal as an inroad to the vast, fast-growing Chinese market for servers and technical services (Spooner &Kanellos, 2004).

Joint ventures are temporary partnerships between two firms, typically utilized when both firms wish to capitalize on a mutually beneficial opportunity. Technically speaking, the IBM/ Lenovo deal is a divestiture transaction, yet it also contains elements of a joint venture between the two companies, with IBM maintaining an 18% equity investment in Lenovo. For example, Lenovo has been the preferred supplier of PCs to IBM and could use the IBM brand for five years. Also, IBM has provided marketing support to Lenovo via the IBM corporate sales force. From a benefits perspective, the deal rid IBM of its personal computer business, while gaining an entry point into China for other IBM products and services. On the other hand, Lenovo gained access to IBM's extensive corporate customer base, the IBM name, and IBM's marketing expertise (Spooner &Kanellos, 2004).

Liquidation: Liquidation involves selling off a company's assets for their tangible net worth and signals the end of the firm's existence. This strategy is employed when a firm is losing significant amounts of money with no prospect of recovery; all other retrenchment strategies have been tried yet were either inappropriate or ended in failure. Generally, liquidation occurs as part of a court-ordered bankruptcy sale under Chapter 7 bankruptcy. However, a firm may undertake a voluntary path to liquidation outside of bankruptcy, yet this route is less common. Examples of firms forced to liquidate are passenger airline carriers Trans World Airlines (TWA) and Pan American Airways. Note that Chapter 7 liquidation is not to be confused with a Chapter 11 bankruptcy in which a firm can reorganize its financial affairs in the hopes of remaining an ongoing firm.

Factors Influencing Corporate Strategy Choice

There are several factors influencing the choice of corporate strategy (David, 1996):

Forward Integration

Used when a firm's present distributors are too expensive or incapable of meeting distribution needs;
The availability of quality distributors is limited in number;
Competing in an industry experiencing high market growth; or
Used if the organization has the capital and capability to manage the distribution function.

Backward Integration

Present suppliers are too expensive, unreliable or incapable of meeting the firm's needs;
Number of suppliers is limited, with many existing competitors;
The industry is experiencing rapid growth;
Resources are needed quickly; or
Used if the organization has the capital and capability to manage the business of supplying its own parts.

Horizontal Integration

The industry is a growth industry;
Increased economies of scale provide a competitive advantage;
Used if the organization has the capital and capability to manage an expanded business; or
Competitors are failing due to a lack of managerial expertise -- expertise your firm possesses.

Concentric Diversification

Poor growth prospects exist in the current industry;
New related products or services would enhance the sale of existing products;
Related products can be offered for sale at competitive prices;
New products offer a seasonal counterbalance against the seasonality of existing products; or
Current products are in a decline stage of their life cycle.

Conglomerate Diversification

The industry is declining in sales and profits;
Does the organization have the capital and capability to manage a diversified business line?
Existing markets are saturated;
An attractive investment exists in an unrelated business; or
Antitrust concerns prevent pursuing companies in the same industry.
Porter (1987) identified three tests for making diversification choices that are most likely to create shareholder value.

- Attractiveness test: Is the industry attractive or capable of being made attractive?
- Cost-of-entry test: Is the cost of entry reasonable enough so as not to jeopardize future profits?
- Better-off test: Does the parent corporation offer a competitive advantage to the new unit or will the new unit bring a competitive advantage? In other words, are meaningful synergies likely to result between the new unit and the corporation?

Joint Venture

The distinctive competencies of the two firms complement one another;
A reduction in risks results from an alliance;
Appropriate for smaller firms having trouble competing against larger firms; or
There is a need to get a new technology to market quickly.

Retrenchment

The firm has a weak competitive position;
The firm is plagued by inefficiency, low profits, or stockholder pressure to improve performance;
The organization has grown so large that an internal reorganization needs to take place; or
A distinctive competency exists, yet the firm has failed to capitalize on it.

Divestiture

The retrenchment strategy was a failure;
A product line or division needs more resources in order to compete and survive;
A division is performing poorly;
A division is a poor strategic fit with the firm's overall corporate vision; or
An infusion of cash is needed but can't be obtained elsewhere.

Liquidation

Pursued when divestiture and retrenchment have failed;
When bankruptcy is the only alternative -- liquidation allows for the orderly sale of assets; or
Liquidation allows the firm's stockholders to minimize their losses.
Corporate Portfolio Approaches

As noted previously, "Corporate strategy concerns two different questions: what businesses the company should be in and how the corporate office should manage the array of business units" (Porter, 1987). As for managing the array of business units, there are several corporate portfolio approaches. One of the first portfolios approaches developed is the BCG (Boston Consulting Group) matrix. The BCG matrix is a two-dimensional analysis of a business unit's strength, determined by relative market growth rate and relative market share. The market growth rate is the annual growth rate in which the firm competes, with market share being the firm's market shares relative to all other direct competitors.

- Cash cows are profitable business units with a low market share and high growth rate. They should be milked for cash, with the cash flow being deployed elsewhere.
- Dogs possess a low market share and low growth rate and should be liquidated or divested.
- Question marks are typically found within new product areas and have a low market share with a high growth rate. Given their high growth rates, question marks should be infused with cash to develop them into stars.
- Successful question marks become stars; stars have a high growth rate and high market shares; hence a growth strategy of integration would be employed here (Thompson &Martin, 2005).

The BCG matrix's simplicity; a recognized strength; is also one of its weaknesses. The market growth rate dimension (one indication of industry attractiveness) and relative market share (one determinant of competitive advantage) overlook other important determinants of profitability. In response to this limitation, consulting firm McKinsey and Co. derived a more comprehensive model from the BCG Matrix, i.e., the GE Business Screen Matrix. The GE matrix, developed for GE by Mckinsey, considers a three-dimensional analysis of high, medium, and low industry attractiveness and competitive position. Industry attractiveness is substituted for BCG's market growth rate and is comprised of external factors such as entry barriers, market growth, industry profitability, market size, pricing trends, etc. The competitive position replaces BCG's market share measure and includes internal strengths and weakness factors including market share, relative brand strength, management strength, profitability, size(Thompson & Martin, 2005).

The corporate strategy does not exist in a vacuum. It is a smaller, yet integral part of a larger and distinct process known as the strategic management process, interrelating with the formulation of a firm's business strategy, as well as its functional strategy. Is there one best corporate strategy? The answer is an unequivocal no -- there is no single best corporate strategy. Likewise, the process of developing corporate strategy has become a more daunting task considering the global competitive forces firms must confront. Corporate strategy is dependent on numerous factors as outlined with respect to industry attractiveness and the relative competitive strengths of the respective company. Once again, the fact that corporations operate in a global environment greatly complicates the formulation and coordination of corporate strategy. Hence, the formulation of corporate strategy is a dynamic, interactive, iterative process, sometimes requiring midstream adjustments because of unexpected changes in the firm's competitive environment. Therefore, the wrong corporate strategy choices, in addition to improper implementation, can mean the difference between success and failure.

V. Leadership

Leadership is important in driving business strategy (Bass &Steidlmeier, 1999). Complementary leadership can drive results faster. Senior leadership teams whose members play complementary roles have been chronicled as far back as Homer's account of the Trojan War: Although King Agamemnon commanded the Greek army, Achilles, Odysseus, and Nestor each played a distinct role in defeating Troy. Today, complementary-leadership structures are common and, in some cases, even institutionalized. Think of a CEO concerned mainly with external issues and a COO who focuses internally. There are four kinds of complementarity: task, expertise, cognitive, and role. Bringing together two or more people with complementary strengths can compensate for the natural limitations of each. But with the benefits comes the risk of confusion, disagreement about priorities, and turf battles. Leadership succession also presents substantial challenges, especially when a COO or president who has worked in a complementary fashion with the CEO moves into the top role. An organization's board of directors and the CEO can manage the risks by fostering a shared vision, common incentives, communication, and trust. They can also ensure smooth succession processes in various ways, such as brokering a gradual transfer of responsibilities or allowing the CEO and the COO to share duties if they maintain the logic of complementarity (Miles & Watkins, 2007).

VI. Culture

Organizational culture refers to the formal environment and norms that characterize a specific organization, as well as it's informal behavioral and the social phenomena that occur among individuals in an organization. The study of organizational culture usually includes exploring intangible characteristics, such as shared understandings, beliefs, and values, and the many ways in which culture influences human behavior. More tangible characteristics such as codified norms—for example, in the form of employee handbooks and company hierarchy—are also elements of an organizational culture. Theories of organizational culture seek to understand and define these elements to gain a better understanding of the internal culture of organizations and the performance of their members. A solid understanding of the phenomenon of organizational culture helps organizations strengthen the work environment within and outside of the company (Mercadal, 2014).

The idea that organizations may have specific cultures is not recent. Around the world, the spread of civilizations required the development of management and organization. Ancient cultures developed systems of organization and transmitted them to others. The most influential theories of modern organizational culture, however, were developed from more recent historical events.

Schein (2010) developed the organizational behavior model depicting the three levels of culture namely the artifacts, values and assumptions. Artifacts are at the top. Artifacts are tangible and visible. Values are at the middle and barely visible and tangible. Assumptions are at the bottom and not tangible and visible.

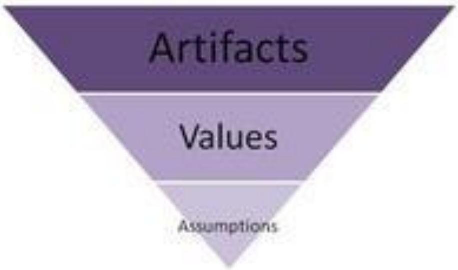

Figure 5. Source: (Schein, 2010).

VII. Structure

Most leaders view employee freedoms and operational controls as antagonists in a tug-of-war. They tend to focus on regulating workers' behavior, often putting a damper on commitment, innovation, and performance without realizing it. But freedom and control arenot zero-sum. By giving people a clear sense of their organization's purpose, priorities, and principles, that is, by providing freedom within a galvanizing framework, leaders can equip employees to make on-the-ground decisions that are in the company's best interests. A coherent framework helps employees develop a deeper understanding of the business, which can lead to improved engagement, creativity, efficiency, and customer service (GULATI, 2018).

Leaders know they need to give people room to be their best, to pursue unconventional ideas, and to make smart decisions in real-time. It's been said so often that it's a cliché. But here's the problem: Executives have trouble resolving the tension between employee empowerment and operational discipline. This challenge is so difficult that it ties companies up in knots. Indeed, it has led to decades' worth of management experiments, from matrix structures to self-managed teams. None of them has offered a clear answer (GULATI, 2018).

That may be because leaders cling to the notion that freedom and control are zero-sum, often oscillating between the extremes. However, in studying more than a dozen organizations in a range of industries; businesses as diverse as an entertainment company, an airline, and an e-tail start-up, guidelines are not the death of freedom if theyare well designed and well implemented. They support and nurture it by giving people a clear, positive, galvanizing sense of where the organization is trying to go (GULATI, 2018).
Leaders who have made this basic but counterintuitive discovery have essentially cultivated freedom within a framework, embedding the organization's purpose, priorities, and principles in a living set of guidelines. Once they have laid out the framework, they commit substantial resources to help employees understand it and thrive within it (GULATI, 2018).

VIII. Communication

Good communication skills are essential for success in virtually any organization. No matter how good one's technical skills or how innovative one's ideas, if not communicated clearly to others, they are irrelevant. Employees today need to be able to effectively communicate within the organization to each other, their bosses, and their subordinates as well outside the organization to customers or clients and vendors. Clear communication that unambiguously conveys one's meaning, however, is not a simple task and can be hampered by numerous barriers including different perceptions of a situation, filtering, language, jargon and ambiguity. In addition, cultural and gender differences can compound the process, making communication even more difficult. However, through such techniques as active listening, disclosure, and feedback, employees can learn to become better communicators and improve their own effectiveness and that of the organization. For effective communication, managers can apply the Johari Window. There are for quadrants in the Johari window namely Arena, Blindspot, Façade and Unknown. All employee need to manage the blindspot for effective communication (Wienclaw, 2013).

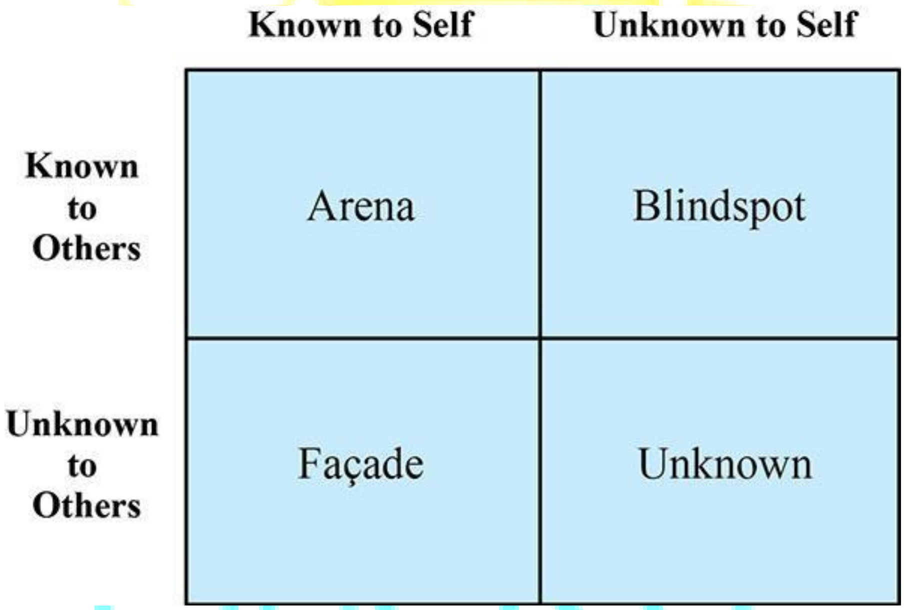

Figure 6: The Johari Window

Corporate communication is a field of communication used by businesses and organizations. It can refer to internal communication among employees and executives or external communication with groups such as shareholders, the media, and the public. Corporate communication is typically undertaken to share positive messages and information about the organization, and it is closely managed with a consideration of marketing, branding, and public image. It can also take the form of advertising, speeches, events, and publications. Corporate communication is a subset of organizational communication (Coviello, 2013).

Corporate communication is closely linked to advertising and marketing. An inherent goal of corporate communication is often to craft and maintain the organization's image to carefully brand the company. To do so, the organization must take its audience into account and determine the best method of delivery to reach that audience. This can include company websites and mailing lists, direct mailings, and even the use of sponsorships and spokespersons. External communication can also relay important information about corporate social responsibility (Coviello, 2013).

IX. The McKinsey 7S

The McKinsey 7S Framework is a model for the structural analysis of a business that isolates seven elements: strategy, structure, shared values, system, skills, style, and staff. The ability to evaluate the effectiveness of an organization begins by establishing elements critical to any organization and then measuring how effectively each operates and, far more importantly, how they work in cooperation with all the other elements. This holistic approach to management organization prepares executives to make significant changes to a business effectively and efficiently, for example, a merger or acquisition; the relocation of company headquarters or its facilities; the expansion into new services or productions; the installation of major new technology systems; the expansion into new markets or into global Internet services; downsizing; changing management teams; or advanced internal restructuring. If an organization is merely approached as a structure that can be easily modified, the complexity of that organization, how it is, in fact, a matrix of elements that directly impact each other, can be significantly compromised (Dewey, 2015).

The Hard Elements of an organization include:

- **Strategy:** the business's mission statement, its specific plans to remain competitive, how it intends to use available resources to achieve specific goals
- **Structure:** how the business is organized, specific and documented flowcharts that indicate how decisions are to be implemented, how information is to move through the network, in short, the specific chain of command within the units/departments of the business
- **Systems:**the actual information systems that create the network, the process for data storage and retrieval, the flow of real financial resources, as well as the specific protocols that define the day-to-day routine operations.

The four Soft Elements include:

- **Shared Values:** the specific virtues that define a company, what it stands for, the ethics of the company, most often drawn from the business' founders and exemplified by the organization's operations
- **Skills**: the specific competencies and capabilities (or lack thereof) the workforce
- **Style:** the business' leadership style, whether the senior management team gets involved in the day to operations or delegates those responsibilities, and whether operations generally run from the top down or rely more on independent divisions and maverick operators, ultimately whether the organization works cooperatively, each division working tightly with the rest of the business operations to reach specific goals, or competitively, each division, even each executive largely working for their own success, job security, and professional advancement
- **Staff:** the entire range of workers, the employees themselves and their attitudes, their relationships with other workers, their vision of the company's purpose, their commitment to the company mission, their flexibility, their training, and ultimately their work ethic.

Each element contributes to the operations of the organization. Before a company commits to major systemic changes, executives can measure each element of the operation to find gaps, strengths, problems, and deficiencies. The template empowers executives, eager for the business to grow, to exert a more dominant part, to approach the organization less as a structure, hard and static, and more as a system, fluid and dynamic, certainly, but ultimately cooperative (Dewey, 2015).

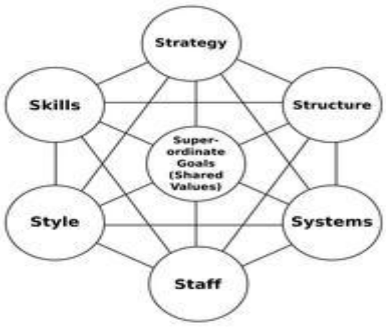

Figure 7. McKinsey 7S framework

X. Business Strategies in Kenya

M-Shwari

M-Shwari is a paperless banking service offered through M-PESA. With the service, a customer can accomplish the following:

Enable one open and operate an M-Shwari bank account through your mobile phone, via M-PESA, without having to visit banks or fill out any forms.Provide one the ability to move money in and out of your M-Shwari savings account to your M-PESA account at no charge.
Give one an opportunity to save as little as KSHs.1 and earn interest of up to 6.65% p.a on your saving balance. This cash is moved into the savings account via M-PESA. This enables one to access micro credit product (loan) of a minimum of KSHs.100 any time and receive your loan instantly on your M-PESA account charged at a facility fee of 7.5%
Customers can save for a fixed period (Lock Savings Account) and earn interest of up to 70% of the Central Bank Rate.This is a product for everyone who feels that banking should be hassle-free. There are no forms to fill in, no branches to visit. Just one click on the phone and you have a savings account (Safaricom, 2019).

The M-Shwari Loan Account is a micro-credit product which allows one to borrow money in times of need or to complement the savings towards an investment or enterprise. A one-time fee of 7.5% is levied for each loan. Once one borrows with M-Shwari, they can start to build your credit history immediately.

To qualify for a loan all one needs is to be an M-PESA subscriber for 6 months, save on M-Shwari and actively use other Safaricom services such as voice, data and M-PESA. To inquire how much one can borrow, go to M-Shwari, Loan, check Loan Limit. One can access loan limits from as low as Kes.100 and up to Kes. 50,000 and enjoy the repayment period of one month.Loan repayment can be made via M-PESA, or from the M-Shwari account (Safaricom, 2019).

KCB M-PESA ACCOUNT

This is a mobile-based account offered exclusively to M-PESA customers enabling one to:
Access loans at attractive low-interest rates of 1.08% per month with a one-off negotiation fee of 2.5%. The cost for the 1-month loan is 4.08% with excise duty applicable on negotiation fees. One can save for a fixed period (Fixed Deposit Account) or save a little at a time for a set period (Target Savings Account) and earn interest of up to 6.3% p.a. One can transfer money in and out of the KCB M-PESA Account for FREE.

Loans

Upon activating the account, a customer will be issued with a loan limit from where one can borrow instantly. Loans issued are deposited into the KCB M-PESA Account. One can access loan limits from as low as Kes. 50 and up to Kes. 1M. One can enjoy the repayment period of one month. Loan repayment can be made via M-PESA, or from the KCB M-PESA account.

Savings

There are two types of fixed deposit accounts available to customers as a KCB M-PESA Account holder. They are the Fixed Savings Account and the Target Savings Account

M-PESA

M-PESA is a mobile money and banking service provided by Safaricom.

Checking the M-PESA Balance

One can check your current M-PESA balance status at a fee of KES.1 only. Note that the balance is also shown at the end of every SMS each time you do an M-PESA transaction.

Deposit Cash to Customer Account

To put money into customer M-PESA account one will:

Go to an authorized M-PESA agent with the phone and original ID.Inform the agent how much to deposit.The agent will use their agent phone to send the e-money in exchange for cash.The customer and the agent will receive an SMS from M-PESA confirming the transaction.
To send money through M-PESA, one must first deposit money into the own account. The customer cannot deposit money directly into another person's M-PESA account.

Bank USSD Code
Customers can also withdraw from their bank account and deposit to the M-PESA mobile wallet using the banks' USSD code. For example, Barclays Bank customers use *224# to withdrawal money from their account and deposit to the M-PESA mobile wallet.

Sending Money
Customers can send or transfer money to any other mobile phone user, even if they are not a Safaricom subscriber. To send money one must first deposit cash into one's M-PESA account.

Withdraw from M-PESA

Agent Withdrawal Service
If one is a Registered M-PESA customer, go to an M-PESA Agent and:
Confirm the agent has sufficient funds for the transaction.Give the phone number and show the original ID.Go to the M-PESA menu, select 'Withdraw cash'.Enter the Agent number, the amount to withdraw and the PIN.
Customers receive a screen with the above transaction details. Confirm they are correct then Press OK.
The customer and the agent will receive an SMS confirming the transaction.
The agent will then give the customer the cash and request the customer to sign a Log Book which is a record of M-PESA transactions done in that store.

ATM Withdrawal Service
ATM withdrawal service is available to M-PESA registered customers and is currently available at PesaPoint, Equity Bank Branches, Diamond Trust Bank, KCB, Family Bank and NIC Bank ATM's.
Statements
Customers can now receive Monthly M-PESA statements easily and conveniently.

Bonga Points
Customers get rewarded with fabulous offers for loyalty and using the Safaricom line
M-PESA API
The new M-PESA platform dubbed G2 (for M-PESA 2nd generation platform) offers versatile integration capabilities that the development partners can take advantage of, to create excellent M-PESA journeys across the different industries they serve. This was a key factor in moving to the new platform. Safaricom has been consolidating the different interfaces our developers have expressed interest in to enable innovation around M-PESA. As expected, most of these are about the payment journeys, covering both disbursements (Business to Customers – B2C) and service payments (Customer to Business – C2B and Business to Business – B2B). These and other features are now available via secure Application Programming Interfaces (APIs) that allow for third-party applications to easily plug into M-PESA.

M-PESA has been very successful mainly because of its simplicity of use and device agnostic nature – works the same way for the latest iPhone as the good old Nokia phone that has been passed over several user generations. The API rides on the same concept, providing open interfaces over standard protocols through web services. Unlike the old system (G1) where a lot of workarounds had been done to automate payment experiences, developers can now hook directly to the core M-PESA and get creative with the systems they run. Let's look at the payments use cases below:

Automated Payment Receipt Processing: Imagine the different scenarios that require customers to pay and have this processed instantly! Before G2, this was handled purely through Instant Payment Notification (IPN) which has served quite well. As the name indicates, IPN is only for notification processing. The use cases for payment processing are as many as your imagination can get – from utility bills to m/e-commerce, and the future is likely to get even more interesting.

With the new system, the notifications are taken a notch higher by incorporating an optional payment validation step for Paybill. This allows the payment recipient (merchants) to confirm whether to accept the incoming payment or not. While this may not sound very beneficial at the face of it, think of how many customers send payments to the right Paybill number but enter the wrong account. Money moves from the customer's M-PESA account but their service payment will not be processed, and they must follow up. This has been creating a big problem with the merchants, leading to massive reversal requests. This can now be handled through the validation API which allows the recipient to validate any of the payment parameters, including, account, amount and even sender and only accept the payment if processing can be guaranteed.

Automated Payment Disbursements: Many systems that process receipts will also require outward payments processing. This could range from employees' salary disbursements to paying other merchants that accept M-PESA payments. This feature was only available via the web portal for business to customers (B2C) with limitations on capacity that made it unsuitable for large disbursements. With the new platform, developers can have this done via API, which empowers them and cuts off the manual process of generating payments file, putting it in the right format then uploading it via the web portal, after which it must be approved by a different user. With the B2C API, this is now seamless.

Automated Payments Reversal: Even with an elaborate system, there is always a unique case that calls for a reversal. Imagine a situation where a customer has made a payment for services that the merchant is no longer able to render. The best way to handle this would be to have a reversal process that the merchant can adapt based on their internal processes. G2 supports secure payment reversal automation for such cases. The implementation will fully depend on the service journey and controls required at the recipient's business.
There is the vast opportunity presented by the open interfaces. The future of machine to machine payments is here and now. The only limitation to the adaption is the developer's imagination (Safaricom, 2019).

Finserve
Finserve was borne out of a deep-seated need to break down financial barriers. Finserve addresses these complex financial and lifestyle obstacles by employing a data & insight driven culture, and efficiency to build products that produce richer customer experiences. The Finserve mission is to build relevant consumer-focused financial technology solutions for customers (Finserve, 2019).

Equitel
Equitel is a new revolutionary platform that helps customers to manage their money and communicate with more Freedom, Choice and Control. Equitel provides tools and features that enable customers to perform all the financial transactions as well as make calls, send SMS and browse the internet (Equitel, 2019).

M-KOPA
As of January 2018, M-KOPA has connected over 600,000 homes to affordable solar power with 500 new homes being added every day. Current customers will make projected savings of US$ 450M over the next four years. M-KOPA customers will enjoy 75 million hours of kerosene – free lighting per month (M-Kopa, 2019).
M-KOPA Solar won the 2015 Zayed Future Energy Prize at the opening ceremony of the annual Abu Dhabi Sustainability. This is the world’s leading renewable energy and sustainability award and M-KOPA is the first company headquartered in Sub-Saharan Africa to win in the enterprise
The Financial Times and IFC, a member of the World Bank Group, announced the winners of the 2013 FT/IFC Sustainable Finance Awards, with M-KOPA of Kenya winning the Award for Excellence in Sustainable Finance.

Safaricom and M-KOPA were awarded the AfricaCom 2013 Rural Telecoms Award. The judges selected M-KOPA Solar among dozens of entries for affording off-grid customers the ability to have lighting and charging.
Mastercard in partnership with M-KOPA Solar and Centenary Bank, celebrated the first ‘pay-as-you-go’ QR transaction, officially launching the initiative, which provides a simple and inexpensive way to power the homes and businesses of Ugandans. M-KOPA, which already provides affordable, safe and clean energy to three million people in East Africa launched Mastercard’s Quick Response (QR) payment technology in Uganda to facilitate and extend the reach of its groundbreaking pay-as-you-go solar program (M-Kopa, 2019).
According to the United States Agency for International Development, Uganda has one of the lowest electrification rates in Africa, at 22 per cent for 2017. The partnership will provide Ugandan homes and businesses with clean and reliable solar energy, access to information and finance for a range of productive assets.

M-KOPA’s life-changing products combine lights, mobile phone charging, radios, smartphones TVs and fridges. To connect to M-KOPA and start to build their credit history, customers pay a deposit and then small daily payments towards electricity that are usually less than what they would have spent on kerosene, candles and batteries over the same period.

M-KOPA has developed a proprietary, patented technology platform that combines embedded GSM + mobile payments to revolutionize asset financing in emerging markets.

The M-KOPAnet platform has been designed and built from the ground up by the talented team of software engineers, who continue to innovate and improve the system every day. It offers a powerful combination of accounting, customer relationship management and inventory tracking in one complete system.
Aside from enabling our business operations to scale at record speed, the M-KOPAnetplatform captures and processes huge volumes of data, enabling us to improve our proposition, customer service, and security in real-time (M-Kopa, 2018).

M-TIBA

M-TIBA is a service on the mobile phone that allows anyone to send, save and spend funds specifically for medical treatment. Money stored in M-TIBA can only be used to pay for treatment and medication at our partner clinics and hospitals. M-TIBA uses the internationally recognized 'SafeCare' standards to monitor the quality of care available at these facilities. Saving for your relatives, friends or staff assures you that they can visit a licensed healthcare facility of choice whenever they need to, empowering them to lead a healthy life. Funds stored in M-TIBA are managed by UAP Insurance. Customers register for the service by dialing *253#. Customers send funds to M-PESA PayBill 500066 and select the beneficiary's phone number as the Account Number. Customers dial *253# and locate an M-TIBA provider to get treated (M-Tiba, 2019).

Imarika Investment plan

Imarika Investment plan is a unit-linked investment policy which offers customers the opportunity to earn good returns while providing them with life insurance protection cover.As an investor, customers have goals they want to achieve in life. It could be saving for a child's education, creating a fund to buy the new home, or building the house, or simply to diversify the investment options; this plan is the solution to the investment needs as it offers superior returns, flexibility, affordability and insurance protection (Britam, 2018).
Imarika ensures that customers earn competitive returns on the investment as the underlying fund is structured and managed to offer competitive returns of 8 -12% per annum.Imarika investment plan is available from a term of 5 years to 20 years. Customers have the choice of how long they like the plan to run.Imarika allows you to contribute a minimum of only KES 1,000 per month or the one-off lump sum of Kes 50,000.
Imarika provides customers with Free Life Insurance cover of KES 50,000. As the fund accumulates, customers can make partial withdrawals of up to 30% of the Fund value after three years.Customers have the option of increasing or reducing your monthly contributions at any time.As our customer, Britam will offer customers professional investment management at a lower cost and optimized risk versus return
Imarika gives customers the choice of how much they want to contribute, how long they want to contribute, and the option to make lumpsum contributions towards their investment. Customers only need to dial *778# USSD code to register for the service. Customers can top up daily, weekly or monthly via the USSD code (Britam, 2019a).

Money Market Fund
The Britam Money Market Fund will allow investors to invest from as low as Kshs 1,000 with subsequent top-ups of KES 1,000. Previously, investors had to invest a minimum of KES 10, 000 to get into the fund, with top-ups of KES 5,000. The fund targets Kenyans who seek to invest in low risk, but high interest earning instruments at a time when investors are looking for alternative investment platforms outside the stock market (Britam, 2019b).

The fund invests in quality interest bearing securities and other short-term money market instruments and ensures risks are managed while preserving the initial capital. The fund offers convenience and flexibility, and customers can invest through mobile phone platforms by dialing short code *778#, enabling one to save from anywhere, any time.

The unveiling of this fund comes at a time when overall savings by Kenyans has been on the decline. According to the World Bank 2016 Kenya country report, Kenya is lagging in savings compared to other economies in the region which are economically less endowed (Britam, 2019b).

Madison Asset Money Market Fund
This fund is an excellent avenue for investment. It is for customers seeking to build up their savings or for those who want to keep their funds for a short period of time. Customers will earn interest which is credited and re-invested at the end of each month. The capital will remain safe. Customers receive competitive rates based on

the market. No entry or exit fee is charged. Customers can top up at any point or withdraw the funds at any point and the same is credited to the customer account within two days. This is great for first-time investors. The yield on the investment is published daily in the newspapers. The initial investment amount is KES 5,000. The top-up amount is KES 1000. The fund offers convenience and flexibility, and customers can invest through mobile phone platforms by dialing short code *828#, enabling one to save from anywhere, any time (Madison, 2018).

Imarisha Jamii Cover

Imarisha Jamii is designed to provide cover for Hospital cash, Disability and Death. It is easy to subscribe to by dialing *643# on any mobile phone and is convenient and affordable. Customers can access hospital cash, funeral benefits and disability cover for as low as KES 20 per week. It is easily accessible by dialing *643# on any mobile device. Imarisha Jamii has no exclusions and caters to everyone from the ages of 18-75 (Jubileeinsurance, 2019).

JamboPay

JamboPay is an online payment gateway that allows users to securely make and receive payments through mobile phone over the internet. Through JamboPay,shoppers can pay for goods and services online while sellers can receive payments for purchases made online. It enables users to pay for bills, fees, make donations and other payments over the internet or on the mobile phone. JamboPay allows for mobile payments such as M-PESA, Airtel Money, Bank payments, Visa and MasterCard Debit and Credit cards. Using JamboPay any resident of East Africa can sell and receive payments from anywhere in the world. Opening an account for a buyer is free, easy and secure. Opening for an account for a seller is fast, simplified and affordable. JamboPay is secure and compliant to local and international standards on electronic payment systems. Motorists can pay for parking in Nairobi using the ejijiPAY platform and dialing USSD code *217#. The parking lot attendants do not have to handle cash, and this reduces corruption (JamboPay, 2019).

JamboPay is Central Bank of Kenya (CBK) approved Payment gateway, has a Communications Authority of Kenya(CA) License and is PCI-DSS compliant. JamboPay employs the strongest industry standard SSL certificates for data encryption on JamboPay (JamboPay, 2019).

Jumia

Jumia is Kenya's number one online retailer that was established in May 2013. The vision is to become the one-stop shop for retail in Kenya with the implementation of best practices both online and offline.Jumia is the largest online retail store in Kenya. Jumia does an average delivery in 1-4 days (Jumia, 2019).

Jumia is the first African company to win the world retail awards in 2013 with the previous winners including ASOS and Zappos.com. Attained the leading ICT company of the year 2013. Attained the e-commerce website of the year (Beacon of ICT Award). Attained the Success Digest - the Innovative business of the year 2013. Attained the customer service Excellence Awards 2015. Attained the Orange Academy brand wall of Fame. Attained the best use of Mobile App (Jumia, 2019).

Mula

Mula is the ultimate payments platform in Africa built to facilitate simple, fast and secure payments between all people and businesses. Built on the foundation of simplicity giving incredibly fast and easy access to secure payments for everything one could want. Mula collects payments from the customers using several payment methods including mobile money, banks and credit cards on behalf of merchants. Mula collects on behalf of customers across Africa and settles to the preferred settlement account providing real time visibility of the transactions (Mula, 2019).

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