

# Design and implementation of business strategy

## Small Industries Development Bank of India (SIDBI)

<https://sidbi.in>

### Diagnosis

Before designing a strategy, one should be aware/understand the elements that surround the business. Be it designing a strategy for start-up or existing business, one has to undergo an analysis of the business environment in which an enterprise operates/is going to operate. Some important tools for business diagnosis are given below. The tools given below can be used by the MSME manager to understand the external (PESTLE) and internal (SWOT) business environment.

### Designing

Strategy formulation is the process of determining appropriate courses of action for achieving organizational objectives and thereby accomplishing organizational purpose. It is the second phase in the strategic management process that leads to the establishment of the organization's goals and of a specific strategic plan.

#### 1) Corporate Strategy

Corporate strategy is concerned with broad decisions regarding overall scope and direction of the organisation. Basically, corporate strategy pertains to determination of the growth objective and strategy for achieving it, the lines of business, and how these lines of business fit together. It is useful to think of three components of corporate level strategy:

- Growth or directional strategy - what should be the growth strategy, ranging from retrenchment through stability to varying degrees of growth - and how to accomplish it.
- Portfolio strategy - what should be the portfolio of lines of business, which implicitly requires reconsidering the degree of concentration or diversification.
- Parenting strategy - how to allocate resources and manage capabilities and activities across the portfolio – where to put special emphasis, and how much to integrate the various lines of business.

#### 2) Competitive Strategy (also known as Business Level Strategy)

This involves deciding how the company will compete within each line of business (LOB) or strategic business unit (SBU). One of the most authoritative works on competitive strategy is the Porter's five forces analysis.

#### 3) Functional Strategy:

Functional strategies are relatively short-term activities that each functional area (Marketing, Human resources, finance etc.) within a company will carry out to implement the broader, longer-term

corporate level and business level strategies. Each functional area has a number of strategy choices that interact with and must be consistent with the overall company strategies.

- Marketing strategy deals with product/service choices and features, pricing strategy, markets to be targeted, distribution, and promotion considerations.
- Financial strategy includes decisions about capital acquisition, capital allocation, dividend policy, and investment and working capital management. (to read more download "Financial Strategy" document provided at bottom of this webpage)
- The production or operations functional strategies address choices about how and where the products or services will be manufactured or delivered, technology to be used, management of resources, plus purchasing and relationships with suppliers. For firms in high-tech industries, R&D strategy may be so central that many of the decisions will be made at the business or even corporate level, for example the role of technology in the company's competitive strategy, including choices between being a technology leader or follower.
- Human resources functional strategy includes many topics, typically recommended by the human resources department, but many requiring top management approval. Examples are job categories and descriptions; pay and benefits; recruiting, selection, and orientation; career development and training; evaluation and incentive systems; policies and discipline; and management/executive selection processes.
- IT Strategy pertains to organization's overall objectives relating to the technology infrastructure it is going to utilise. To read on efficient use of ICT, click here .

### Implementation

Developing a good strategy on paper is a job only half done. The capability to continually implement strategy is the key to long-term success. The challenge is to perform strategy processes, turn the strategy into business improvements and implement these changes in the operative business to improve results. Organizations successful at strategy implementation effectively manage six key supporting factors:

- Action Planning
- Organization Structure
- Human Resources
- The Annual Business Plan
- Monitoring and Control
- Linkage

# Investment climate in Bangladesh

Bangladesh Investment Development Authority, Bangladesh

<http://bida.gov.bd>

## Ease of doing business

Doing Business, a World Bank Group flagship publication, is a series of annual reports which measures the regulations that enhance a country's business activities and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 190 economies. A high Ease of Doing Business ranking indicates a more favorable regulatory environment for starting and operating business in that particular country. Doing Business captures several important dimensions of the regulatory environment as it applies to business enterprises, providing quantitative indicators on regulation for the following: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency.

To promote a more sustainable and inclusive investment environment, Bangladesh Investment Development Authority (BIDA) has undertaken steps for massive reforms to ensure:

- Creation of a true one-stop service for the investors.
- Facilitate the development of entrepreneurs.
- Aid the creation of necessary skills to match the needs of higher value production chains.
- Efforts to improve the ratings of Bangladesh in various indicators such 'Doing Business report of World Bank', 'Global Competitive Index' of the World Economic Forum and others.

## Entrepreneurship development

The Government has taken many steps for investment promotion that include building infrastructure, undertaking mega projects, making available energy and power, enhancing access to finance, reforming policies, re-designing various programs, improving tax and regulatory regime, arranging better services, improving incentive structure, creating ancillary facilities and developing institutions like BIDA.

To realize the full potential of the Bangladesh economy double digit growth is required from the current 7% per annum. The tools to attaining this is to bridge missing links one of which is 'entrepreneurship development' to sustain and to create entrepreneurs in a number of leading sectors like RMG, Power, transportation, pharmaceuticals etc and also in new frontiers including those in 'sun-rise' industries like IT, biotech, health care, financial services etc in other news sectors. The rear the new entrepreneurs mentoring and financial support is of utmost important. Financing through Venture Capital or other mechanism can be endeavored.

An exhaustive entrepreneurship development program (with sector specific variation as needed) aiming at developing 300,000 entrepreneurs over a period of three years with 100,000 every year on average.

## Economic corridor development

The concept of Economic Corridor in Bangladesh is a recent phenomenon. Economic Corridor is an infrastructure that helps to facilitated economic activities along a defined geography by linking economic nodes or hubs usually centered on urban landscapes, in which large amount of economic resources concentrated.

The Seventh Five-Year Plan of Bangladesh envisages an integrated development strategy for the southwest region. Given its strategic locational advantage, Bangladesh's southwest region is a strong claimant to becoming domestic and regional industrial, trade, and investment hub. The experience of economic corridor in other developing countries like Malaysia, India, Vietnam, Thailand and South Korea, inspired Bangladesh to undertake a programme to establish economic corridor in the south western part of the country.

## Privatization

Privatization in Bangladesh started in mid-seventies. Later on it got an institutional shape by creation of the Privatization Board in the year 1993. Privatization Board was transformed in to the Privatization Commission under the provision of the Privatization Act, 2000. In the backdrop of sickness and continual decaying condition of State Own Enterprises (SOEs), government was committed to quickly privatize such SOEs and commercial enterprises to strengthen the role of private Sector and to stabilize it as an instrument of development. Since the establishment of Privatization Board and thereafter Privatization Commission a total of 74 SOEs have been privatized of which 54 were privatized through outright sale and 20 through offloading of government shares. There were 12 methods of privatization of SOEs, but Privatization Commission generally followed the method of sale through tender.

## Finance and banking

The financial sector in Bangladesh is continuously evolving towards a more modern and efficient system of finance which is supportive of greater investment and inclusive economic growth. The financial system of Bangladesh consists of The Bangladesh Bank, scheduled banks, non-bank financial institutions, micro finance institutions, insurance companies, co-operative banks, credit rating agencies and stock exchange.