Why Some Firms Do Not Do Strategic Planning

Many firms do not engage in strategic planning and some firms do strategic planning that is poor and ill conceived. Some of the reasons for this sorry state of affairs in these firms are listed below:

- The first and foremost reason for poor strategy is the lack of experience in strategic management which is due to the paucity of managers and executives with experience and the presence of those who do not understand strategic management.
- The next reason has to do with the poor reward structure in place where success goes unrewarded and failures are punished. Because of this "double whammy" of no recognition when things have gone right and blame game when things go wrong, managers are reluctant to engage in strategic management.
- Because an organization is always firefighting which means that is so embroiled in its internal problems, the top management does not have the time or the energy to engage in strategic management. This is often the case with many firms where the lack of coherence and control in organizational processes means that most of the time is spent on tackling problems rather than preempting problems or solving problems.
- Some firms view strategic planning and strategic management as a waste of time since they are under the impression that they can handle the longer-term imperatives by doing things that they have always done in a particular manner. This is the case with firms that have been in business for generations where the new leaders often think that "if it is not broke, do not fix it". This mindset precludes them from approaching the future in a proactive manner instead of a reactive manner.
- Continuing in the same vein, many firms, especially those that have been successful see no point in formulating newer strategies since their position is comfortable and they are content with success. Success breeds arrogance as the case of Nokia, which went from market leader to the bottom in a few years time reminds us.
- With experience, many managers think that they can weather any storm because they "have been there, done that". However, this attitude is counterproductive as planning for eventualities is necessary and formal models of strategy have to be drawn up since experience is not always the best guide. This is especially the case with the modern era where the advent of the digital age has changed the rules of the game.
- Perhaps one of the most important reasons why firms do not engage in strategic management is that they fear the "unknown". What they forget is that precisely because of the unknown and the unpredictable; they have to plan in advance. Further, the managers might be uncertain of their abilities to learn new skills, of their aptitude with new systems, and their ability to take on new roles. This happens when organizational arteries are clogged because of inertia and a general sense of laziness and ostrich like mindsets.
- Finally, the other important reason why firms and the managers within them do not engage in strategic management is the lack of consensus and differing ideas as to what a good strategy ought to be

Strategic Management to the Millennial Generation

The Rise of the Millennials

The previous articles discussed the various aspects of strategy and how businesses can use different strategic options to respond to the multifarious needs of the 21st century business landscape. An aspect that is of crucial importance is the rise of the millennial generation or those born between 1980 and 1995. As this generation enters the workforce and becomes a consumer segment in itself, businesses have to strategize on ways and means to adapt to this generation. These strategies can involve targeted marketing, workplace adaptation, and other societal aspects of reaching out to the Millennials.

Marketing to Millennials

If we take the first aspect, marketing to Millennials can be quite challenging as they have attention spans in the seconds rather than the minutes that earlier generation used to have when viewing advertisements or making up their minds. This means that marketers have to deal with the concept of packing in as much information as possible within the 30-second slot for ads and ensure that the message is conveyed. This also means that marketers have to ensure that their message is not drowned out in the information overload that the Millennials are exposed to.

The Millennials and the Workforce

The second aspect of making changes in the workplace for the Millennials is that they are much more tuned to technology and social media in particular and the expertise that they have with technology means that the organizations have to become high tech themselves if they are to accommodate the Millennials in their midst. For instance, it is the case that many organizations use technology largely. However, the crucial aspect here is that organizations have to start using social media as well extensively if the workplace is to be challenging to the Millennials. In other words, the organizations have to move beyond Web 2.0 and mere IT and use tools like virtual reality to ensure that they are able to attract and retain the Millennials.

The Future is More Jobs!

The third aspect relates to the extremely crucial aspect of societal forces being more amenable to change and that too at a rapid pace. We have seen how the millennial generation is hitting the streets in protest across the world when they are not satisfied with a particular outcome whether it is related to business or politics. Concentrating on business alone, we find that the Millennials are feeling let down by the lack of job opportunities and the prevailing gloomy economic scenario. Hence, the task before business leaders and CEO's is to create as many jobs as possible for this generation to ensure that their energies are channelized in a positive manner instead of in a negative manner.

Closing Thoughts

Finally, the Millennials are entering the workforce at a time when a historical shift in the way business operates is happening. Hence, the implications for businesses are that either they leverage the opportunities presented by this fundamental transformation or let go of the chance and waste the opportunity

Own the Future: Insights from Recent Research into Strategizing for the Future

This article discusses the ten qualities needed for companies to stay ahead of the competition and win the race for the market in the next decade. With so much of rapid change and accelerating trends, it is important for companies to be, the biggest and the best or else they run the risk of getting left behind and becoming also ran companies.

- **Adaptable**

  The winners of tomorrow will be those companies that are best at identifying and anticipating market shifts and managing complex and multi-company systems. The need for shorter cycles and faster reaction time is greater as the pace of change is rapid and only those companies that can adapt to it will succeed.

- **Global**

  It is a fact that everybody is competing with everyone from everywhere. This means that the future markets for growth in Asia would take many business leaders out of their comfort zones. Hence, what works in Munich might not work in Mumbai and therefore there is a need to understand the fluid marketplace.

- **Connected**

  As the world gets smaller because of greater integration and better communications technologies, there are changes in the realm of strategy, which the business leaders of tomorrow must embrace. This means that the companies of tomorrow must deal with newer forms of customer behavior and newer business models.

- **Sustainable**

  With the ever-looming threat of climate change and environmental catastrophe, businesses need to pursue growth strategies that are sustainable and ensure that they use limited resources more efficiently. These strategies lead to all round stakeholder development instead of profits for the firms alone.

- **Customer First**

  For companies to achieve greatness, they must develop deep and lasting emotional bonds with their consumers. They need to transform consumers into repeat buyers and in some cases, they need the customers to be brand evangelists which means that the customers are the best source of advertising for the companies.

- **Fit to Win**

  The art of execution is one of the core drivers of competitive advantage and the truly great companies strategize in a manner that drives improvement in the critical areas identified for success. These companies have flat and agile structures that speed up the flows of information, improve decision-making, and have sophisticated pricing models.

- **Value-Driven**

  It is a fact that companies must create value for all their stakeholders, this is something that is ageless, and timeless which makes the companies and their legacies enduring for all stakeholders. The value that a company creates has two components, which are earnings and growth. It is impossible to separate the two and since they work in tandem, the value that the company creates must be both short-term profits and longer term success.

- **Trusted**

  Though trust does not appear on a company's balance sheet, it is the most valuable asset for the companies. Hard to build and harder to sustain as well as easier to squander, trust reposed by the customers determines how successful a company is over the longer term. The digital revolution offers never before opportunities to expand and accelerate reputational aspects of the companies.

- **Bold**

  If companies do not evolve with the times, they run the risk of becoming redundant. Hence, companies need to be forward looking and reinvent themselves to keep pace with their competitors. These companies would not be blindsided and outpaced by competition. This means that companies must experiment on a continual basis and not be afraid to embrace radical change from outside and from within.

- **Inspiring**

  Finally, the business leaders of tomorrow are inspirational figures much in the mold of religious and mythological figures from history. This means that epic leadership is needed from the leaders of tomorrow as they go about setting the agenda that their followers can adapt and emulate, if possible that translates into an inspired workplace as well as external respect

PESTLE Analysis of the Global Aviation Industry

Introduction

When we think of airlines, we usually think of luxury and opulence as well as comfort and convenience. However, beneath the veneer, the airlines worldwide are caught in a cycle of higher operating costs, lower profits, and decreasing margins because of the various factors discussed in this article. Though the passengers might not notice these aspects, it is the case that once one scratches the surface and does some research, it is clear that the airline industry is in a mess and only, radical restructuring can help revive its fortunes. The PESTLE methodology is a useful tool to analyze the current state of the airline industry.

Political

The political environment in which airlines operate is highly regulated and favors the passengers over the airlines. This is because of the fact that the global aviation industry operates in an environment where passenger safety is paramount and where, the earlier tendencies towards monopolistic behavior by the airlines have made the political establishment weary of the airlines and hence, they have resorted to tighter regulation of the operations of the airlines. Further, the global aviation industry is also characterized by deregulation on the supply side meaning more competition among airlines and regulation on the demand side meaning passengers and fliers are in a position where they can press for more amenities and low prices.

Economic

The global airline industry never really recovered from the aftermath of the 911 attacks. Added to this was the prolonged recession in the wake of the dotcom bubble bursting. The other debilitating factor was the fluctuations in the price of oil because of the Second Iraq War and the subsequent spike in oil prices just before The Great Recession of 2008. This last aspect or the ongoing global economic slowdown has meant that the already struggling airlines now have to contend with declining passenger traffic, competition from low cost carriers, high aviation fuel prices, labor demands, and soaring maintenance and operating costs. All these factors have made the airlines loss making and prone to bankruptcies and closure because they can no longer afford to run their operations profitably. Of course, this has also resulted in greater consolidation among the airlines as they seek to leverage the efficiencies from the economies of scale and the synergies from the merger with other airlines.

Social

In the recent years, the emergence of the Millennial generation into the consumer class has meant that the social changes of a generation used to entitlement, instant gratification, and more demanding in terms of service has resulted in the airlines having to balance their costs with the increasing demands from this segment. Added to this is the retiring of the Baby Boomer generation that has resulted in the airlines losing a lucrative source of income. Next, the profile of the passengers has changed with more economically minded passengers and less business class passengers who prefer to leverage on the improved communication facilities to conduct meetings remotely instead of flying down to meet their business partners.

Technological

Though it is a fact that the airline industry uses technology extensively in its operations, they are limited to the aircraft and the operations of the airlines excluding the ticketing and the distribution aspects. This has prompted many experts to call on the airlines to make use of the advances in technology for the front office and the customer facing functions as well. In other words, the technological changes have to be adapted to include mobile technologies as far as ticketing, distribution, and customer service are concerned. Further, social media has to be leveraged by the airlines to ensure that the boarder social and technological changes do not pass by the airline industry.

Legal

In recent years, the number of lawsuits against airlines from both customers as well as workers has gone up. Further, the regulators are being stricter with the airlines, which mean that they are now increasingly wary of their strategies, and actualizing their strategies only after they are fully convinced that they are not violating any laws. The “double whammy” of increased regulation and more expensive lawsuits apart from the legal system becoming intolerant of delays, safety issues, and other aspects has only served to heighten the fears among the airlines as each and every move of theirs is being scrutinized.

Environmental

With climate change entering the social consciousness, passengers are now counting their carbon footprint with the result that they are now more environmentally conscious. This has resulted in the airlines being forced to adopt “green flying” and be more responsive to the concerns of the environmentalists. Further, the social responsibility initiatives are becoming more pronounced and more under scrutiny as consumers and activists turn a critical eye towards the airlines and their corporate social responsibility.

Conclusion: The Airline Death Spiral

The discussion so far leads to the conclusion that the global airline industry is now in a phase where the “Airline Death Spiral” has taken over. This has resulted in a wave of bankruptcies and closure of airlines worldwide. Further, the regulators are not lenient with airlines when they ask for more time or ask for less strict rules and regulations. Apart from this, the demanding fliers and competition from low cost airlines means that full service airlines can no longer compete on price or volume. Finally, the increased costs of doing business have dented the profitability and the viability of the global airline industry

PESTLE Analysis of Starbucks

Introduction

The macroeconomic environment that Starbucks operates in is characterized by the ongoing global economic recession, which has dented the purchasing power of the consumers. However, market research done in the last few months has indicated that consumers have not cut down on their coffee consumption and instead, are shifting to lower priced options. This means that Starbucks can still leverage the buying power of the consumers in a manner that would give it a significant advantage over its rivals by offering cheaper alternatives. Apart from this, Starbucks has already made some moves to jump on the emerging mobile computing revolution by tying up with Apple to introduce discounted coupons in the apps used in the iPhones. Further, this exercise has also been accompanied by co-branding and cross selling which means, that Starbucks is well placed and poised to reap the benefits of the Smartphone revolution. Having said that, it must be noted that consumers in the United States are increasingly turning "Ethical Chic" which means that the products they buy and the brands they consume need to prove that they are following social and environmental norms in their manufacture. This is the key challenge that Starbucks faces as it confronts the emerging challenges of the new era of consumer awareness and the galloping Smartphone revolution.

Political

- The key political imperative that Starbucks faces is the concerns over sourcing of its raw materials that has attracted the attention of the politicians in the West and in the countries from where it sources its raw materials. This is the reason why Starbucks is keen on adhering to social and environmental norms and to follow sourcing strategies that are appropriate and in conformance to the "Fair Trade" practices that have been agreed upon by global corporations and the governments of the developing and the developed countries.
- The other political imperative that Starbucks faces is the need to adhere to the laws and regulations in the countries from where it sources its raw materials. This has been necessitated because of activism and increased political awareness in the developing countries, which form the basis for Starbucks' sourcing strategies.
- The third political imperative, which Starbucks faces, is the regulatory pressures within its home market in the United States because of greater scrutiny of the business processes that multinationals based in the US are now subject to.

Economic

- The foremost external economic driver for Starbucks is the ongoing global economic recession, which as explained in the introduction has dented the profitability of many companies.
- However, studies have shown that consumers instead of cutting down on their coffee consumption are shifting to lower priced alternatives which is an opportunity for Starbucks.
- Of course, the company still has to contend with rising operational and labor costs as the inflationary macroeconomic environment coupled with the falling profitability is squeezing the company from both ends of the spectrum.

Socio-Cultural

- Though Starbucks can offer cheaper alternatives as mentioned previously, it has to do so without sacrificing the quality and this is the key socio cultural challenge that the company faces as it expands its consumer base to include the consumers from the lower and the middle tiers of the income pyramid.
- Apart from this, the "green" and the "ethical chic" consumers who fret about the social and environmental costs of the brands they consumer means that Starbucks has to be cognizant of this trend.
- Third, the retiring baby boomer generation means that spending by the older consumers is likely to taper off and hence, Starbucks would have to lookout for tapping the Gen X and the Millennials as part of its strategy.

Technological

- Starbucks is well poised to reap the benefits of the emerging mobile wave and as it has tied up with Apple to introduce app based discount coupons, it can expect to ride the mobile wave with ease.
- The company has already introduced Wi-Fi capabilities in its outlets so that consumers can surf the web and do their work while sipping coffee. This is indeed an added value to the Starbucks brand and something, which enhances the consumer experience.
- It can also introduce mobile payments and this is something that it is already testing out in pilot locations in the United States.

Legal

- Starbucks has to ensure that it does not run afoul of the laws and regulations in the countries from which it sources its raw materials as well as the home markets in the United States.

Environmental

- There have been several concerns about the business practices of Starbucks from the activists, international advocacy groups, and from the consumers themselves. Therefore, Starbucks has to take into account these concerns if it has to continue holding on to the trust it enjoys with its consumers.

Conclusion

The preceding analysis proves the point that Starbucks is operating in a relatively stable external environment. The main reason for this is the fact that it operates in the Food and Beverages space which means that despite the recession, consumers cut down on the consumption to a certain extent and not completely. Therefore, the task before Starbucks is to lower costs and increase the value so that it retains its consumer base and attracts consumer loyalty

PESTLE Analysis of Samsung

Introduction

Samsung is a global conglomerate that operates in the “White Goods” market or the market for consumer appliances and gadgets. The company that is a South Korean family owned business has global aspirations and as the recent expansion into newer markets has shown, Samsung is not content with operating in some markets in the world but instead, wants to cover as many countries as possible. Therefore, the focus of this article is on the external environmental drivers of Samsung’s strategy.

Political

In most of the markets where Samsung operates, the political environment is conducive to its operations and though there are minor irritants in some of the foreign markets like India, overall Samsung can be said to be operating in markets where the political factors are benign. However, in recent months, it has faced significant political headwinds in its home country of South Korea because of the country’s tensions with North Korea wherein the company has had to take into account not only the political instability but also the threat of war breaking out in the Korean Peninsula. Apart from this, Samsung faces political pressures in many African and Latin American countries where the political environment is unstable and prone to frequent changes in the governing structures. Of course, this is not yet a major cause for worry as the company has more or less factored the political instability into its strategic calculations.

Economic

This dimension is especially critical for Samsung, as the opening up of many markets in the developing world has meant that the company can expand its global footprint. However, this dimension is also a worry since the ongoing global economic crisis has severely dented the purchasing power of consumers in many developed markets forcing Samsung to seek profitable ventures in the emerging markets. The key point to note here is that the macroeconomic environment in which Samsung operates globally is beset with uncertainty and volatility leading to the company having had to reorient its strategies accordingly. The saving grace for the company is that it has adjusted rather well to the tapering off of the consumer disposable incomes in the developed world by expanding into the emerging and the developing markets. Indeed, this is the reason Samsung has begun an aggressive push into the emerging markets in the hope of making up for lost business from the developed world.

Socio-Cultural

Samsung is primarily a South Korean Chaebol or a family owned multinational. This means that despite its global footprint it still operates from the core as a Korean company. Therefore, there are several aspects to its global operations some of which include adapting itself to the local conditions. In other words, Samsung being a Global company has had to act locally meaning that it has had to adopt a Glocal strategy in many emerging markets. Apart from this, Samsung has had to tailor its products to the fast changing consumer preferences in the various markets where it operates. The key point to note here is that Samsung operates in a market niche that is strongly influenced by the lifestyle preferences of consumers and given the fact that socio cultural factors are different in each country; it has had to reorient itself in each market accordingly.

Technological

Samsung can be considered as being among the world's leading innovative companies. This means that the company is at an advantage as far as harnessing the power of technology and driving innovation for sustainable business advantage is concerned. This has translated into an obsessive mission by the company to be ahead of the technological and innovation curve and a vision to dominate its rivals and competitors as far being the first to reach the market with its latest products is concerned. however, as we shall discuss later, this has also resulted in the company cutting corners with its imitation of the legendary Apple's product design and this has brought legal and regulatory scrutiny and troubles for the company. There is a lesson here for other technology driven companies from Samsung's experiences and it is that no matter how fast you are to reach the consumer in this age of Big Bang Disruption, doing the basics right is still the key to success.

Legal

As mentioned in the last section, Samsung has had to face heavy penalties for its alleged imitation of the Apple's iPad and iPhone and this has led to the company taking a beating as far as public perceptions and consumer approval of its strategies are concerned. It remains to be seen as to how the company would wriggle out of the legal maze that it finds itself in the developed markets because of the various lawsuits.

Environmental

With the rise of the ethical consumer who wants his or her brands to source and make the products in a socially and environmentally responsible manner, Samsung has to be aware of the need to make its products to satiate the ethical chic consumer. This means that it has to ensure that it does not compromise on the working conditions or the wages it pays to its labor who are engaged in making the final product.

Conclusion

The preceding analysis clearly indicates that Samsung has its task cut out for itself as it navigates the treacherous global consumer market landmine. Indeed, as the company prepares to expand its global footprint, the stakes could not have been higher in a recessionary era and an uber competitive technological market landscape

SWOT Analysis of Unilever

Introduction

Unilever operates in nearly 190 countries around the world and has been a traditional paragon of excellence and quality in the Fast Moving Consumer Goods sector. The company derives its competitive advantage from its global footprint and its track record of enhancing value for the consumers around the world. Even in the current recessionary environment, it has managed to grow at a respectable pace though as we shall discuss latter, Unilever cannot afford to ignore the emerging threats from a wide range of global, regional, and local players. Apart from this, as the succeeding SWOT Analysis makes it clear, the battle for the emerging markets is likely to escalate into a no holds barred competition with a race to the bottom ensuing between the global giants like Unilever and Proctor and Gamble and a array of local players.

Strengths

- Unilever operates in nearly 190 countries around the world and hence, has a global footprint combined with top of the mind brand recall among consumers worldwide.
- It has a deep and broad portfolio of brands and a diversified product range, which makes it uniquely, positioned to tap into the changing consumer preferences across the world.
- Its Research and Development initiatives are heavily funded and manage to bring to the market innovative and cutting edge products in tune and in line with consumer preferences.
- Unilever has a distinct competitive advantage over its nearest competitor, Proctor and Gamble because of its flexible pricing and expertise in distribution channels that manage to reach the nook and the corner of the globe.
- The company finds its strengths in leveraging the economies of scale arising from its breadth of operations as well as synergies between its many manufacturing facilities, which totaled 270 locations around the world at last count.
- Unilever combines global thinking with local execution, which means that it pursues Glocal strategies that let it win the hearts and minds of consumers who would like to use its products that are globally famous yet retain a distinct local flavor.

Weaknesses

- The biggest weakness that Unilever faces is that it operates in an uber competitive market where the other global giants like P&G and Nestle in addition to a host of local players challenge its dominance at every turn and raise the stakes in the Trillion Dollar FMCG (Fast Moving Consumer Goods) space.
- The other weakness is that its products can easily be replaced with substitutes especially in the emerging markets in Africa and Asia where the rural consumers in the hinterland often use traditional and natural alternatives to the products that Unilever markets.

Opportunities

- With the advent of globalization and the proliferation of global media, consumers in the emerging markets are aspiring to western lifestyles and this means that Unilever has a tremendous opportunity waiting for it as it taps into this large and diversified consumer base that wants to join the league of westerners in taste and preferences for consumer goods.

- Apart from that, capturing the “Newly Affluent Trillion Dollar Consumers” in China and India means that it has a golden opportunity to leverage this huge and growing consumer base, which often tries to imitate and mimic the consumerist preferences of the material west.
- The emergence of the health conscious consumer in the developed world means that Unilever can seize the opportunity to market to this segment with its existing and yet to be launched product range that is specially geared for the health conscious consumer.
- Unilever has a good track record of social and environment responsibility and with the emergence of the ethical chic consumer who like to buy and consume products and brands that are responsibly made and sustainably complete.

Threats

- The ongoing global economic crisis has severely dented the profitability of many FMCG companies and Unilever is no exception. With the shrinking of the disposable incomes of the global consumer, they are buying less and insisting on more value for their money or “more bang for the buck”. This means that Unilever faces the threat of diminished revenues and increasing costs, which is like a “Double Whammy” to its top-line, and bottom-line.
- Though we had mentioned that Unilever succeeds and scores over P&G in the CSR or the Corporate Social Responsibility aspect, the increased awareness among the global consumers has turned the harsh glare into each and every strategic move that the company makes. Some practices of the company have been criticized which means that Unilever has to ensure that it sustains and maintains its focus especially when the spotlight is on it.
- As mentioned earlier, Unilever operates in a market segment where local products and alternatives to its brands proliferate especially in the emerging markets and hence, it faces a threat from smaller and more nimble local upstarts who can provide more value for lesser money without the associated costs that global giants like Unilever incur.
- The entry of Asian multinationals into the global arena has upped the ante for Unilever and raised the stakes in the global game for dominance in the FMCG market segment. This means that Unilever faces the prospect of having to battle not only the recessionary blues but also emerging threats from this new age and new breed of competition from Asian conglomerates that are beginning to spread their wings internationally.

Conclusion

Unilever has been in the business of consumer fulfillment for many decades and hence, we are confident that it can tide over the present gloomy conditions in the FMCG segment. Having said that, we conclude the article with a cautionary note of not taking the threat from the Asian FMCG majors lightly as they understand the continent better and at the same time are mastering the intricacies of the global marketplace

Business Strategies to Beat the Downturn

Introduction: The Effect of the Downturn and How Companies Can Cope

The ongoing global economic crisis has impacted most of the companies in the world as they have to not only reckon with falling sales, stagnating demand, oversupply, and inflation all at the same time mean that businesses are operating in “chaotic” and “uncertain” environments. Further, with globalization making it possible to produce where it is cheapest and sell where the profits are more, western as well as eastern companies are realizing that it is an entirely new ball game altogether. Therefore, they need to put in place strategies that would enable them to compete on fair basis with firms from all over the world.

The typical response of businesses during recessions is to lay off workers, accumulate cash and retain liquidity, and put off expansion plans until the business environment improves. While these are certainly understandable strategies, our contention here is that these strategies are counterproductive.

For instance, downsizing might seem attractive because it enables businesses to cut costs. However, the companies have to realize that once they downsize, the best along with the worst of the employees leave the company. The latter because they are laid off and the former because they see that in future they might be the targets. Of course, the companies can retain the best performers by increasing their compensation but this strategy is pointless when the whole objective is to cut costs.

Next, research has shown that American companies are sitting on a cash hoard, which means that they have accumulated enough cash reserves just in case they face a liquidity problem in the same manner in which banks found themselves in the aftermath of the Great Recession of 2007 when liquidity dried up and nobody was lending to anybody. Again, this is legitimate as long as the companies do not keep cash without making use of it productively. In other words, if the firm is simply having lots of cash in hand, it is akin to individuals keeping money without generating returns. Moreover, this strategy also means that recovery is delayed and no matter how hard the government tries, businesses simply do not want to spend cash.

Third, putting off expansion plans is a good idea as the uncertainty in the external environment means that businesses should wait for a sunnier day. However, in cases where the company has to enter new markets, putting off expansion might be a bad idea as nimble and agile competitors can steal a march on them. Moreover, with so much of emphasis being placed on innovation and inventiveness, putting off expansion might backfire as competitors and startups with innovative and game changing ideas might outperform the market and which leads to folding up of existing firms.

Therefore, it is the case that businesses must rethink their strategies during economic downturns. **A possible solution for them would be to ramp up their IT infrastructure and invest more in cutting edge technology so that they leverage the synergies from the integration of disparate and discrete business processes as well as actualize the advantages from the economies of scale**. For instance, when IT is leveraged to the fullest, the result is often an increase in productivity as well as a benefit that accrues because of more efficiency. Further, IT enables companies to produce more and ramp up the volumes as it is obvious that machines can do more than humans do and at the same time, work tirelessly.

Of course, one might point out that this strategy leads to obsolescence of workers and entails downsizing. We consider this inevitable as the processes of creative destruction that are inherent to capitalism means that the old changes into the new and that the only constant in the world is change which is relentless and hence, IT and innovation are the buzzwords for any actualization of business strategies during downturns.

Synergies, Integration, Ocean Strategy, and Cost Cutting

We have discussed how IT and innovation can help businesses during downturns. Similarly, through the use of these game changers, businesses can also integrate vertically and horizontally as well as venture into new markets (or oceans that are blue meaning that they are yet to be fished in contrast to red oceans that are already saturated). As cost cutting has been touched upon briefly, we return it to point out that IT and innovation along with integration and expansion save costs from the holistic approach that we suggest here. The point here is that **businesses must think out of the box to deal with economic downturns and this means that they cannot rely on old models and discarded theories in their endeavor to remain profitable during bad times as well as good times**.

Vertical integration refers to the integration of the entire value chain from procurement to after sales and including processing of raw materials, producing finished products, marketing them, enabling customer service, and closing the feedback loop. An example of a global conglomerate that is vertically integrated would be the Reliance group in India that owns all the steps in the oil and gas value chain right from exploration and drilling, to refining and processing, and ending with retail outlets which sell the product.

Horizontal integration refers to integrating breadth wise meaning that businesses can venture into blue oceans through merging their core competencies with that of aligned businesses. for instance, the TATA group in India has ventured into disparate and discrete businesses as varied as IT and steel, which means that using the core competency of sustainable and profitable business strategies, their aim, is to ensure that they make profits even during economic downturns by following their business philosophy.

The point here is that instead of just sitting on hoards of cash waiting for the business environment to improve, businesses can proactively actualize strategies that are in line with the points made above. The key aspect to note here is that businesses ought to shed their conservative mindset especially during recessions and only by recognizing the fact that the world waits for none that they can ensure that they are not left behind. Moreover, the other imperative here is that for businesses to remain competitive during downturns, they need to embrace the chaos instead of running away from it.

Ride the Recession: The Way Ahead for Businesses

We have discussed the various strategies that businesses can employ during economic downturns. Of all the strategies discussed, the common theme around them is innovation. Therefore, by recruiting visionaries and game changers, businesses can ensure that they keep ahead of the competition and they can also ensure that their existing employees are sufficiently motivated to self actualize themselves. To do this, they need to have innovative HR (Human Resource) policies that encourage out of the box thinking, make their employees become inventors, and innovators in their own right, and make the companies get ahead of the curve.

Further, by hiring the best in the field and linking their compensation to performance, companies can ensure that their employees are a source of sustainable competitive advantage. **As recent trends in HRM show, companies that invest in their people during downturns are more likely to be profitable when compared to those that simply downsize just for cost cutting reasons alone**.

This means that companies must ride the recession instead of waiting for someone or something to pick them up and even if it means that they ride alone in terms of being the early movers, there are benefits from this as the saying that the early bird catches the worm is very apt metaphor here. Apart from this, even if they have to take the slow route initially, they must remember that once they conserve the energy, building momentum later on becomes easy, and hence, once the green light is on as the market improves; they are in the driver’s seat, which means that they can accelerate easily.

Conclusion

A the risk of being repetitive, we cannot but overemphasize the importance of innovation and inventiveness. These qualities or traits of successful companies indicate that those with the right mindset win and those whose arteries are clogged because of inertia and apathy find that they cannot walk fast enough let alone run to outpace the competition. In concluding this article, it is the case that economic downturns are temporary whereas businesses are permanent. Therefore, if businesses suffer setbacks due to temporary reasons instead of outliving their peers, they have only themselves to blame