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E-Content BCH-601 : Business Policy

Lecture 4

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Resources

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- **Tangible Resources**
 - e.g., physical capital
- **Organizational Capabilities**
 - e.g., routines and standard operating procedures
- **Intangible Resources**
 - e.g., trademarks, “know-how”



Organization

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- **Structure**

- Formal Definition of authority
- Conflict Resolution



- **Systems**

- Rules, Routines, Evaluation and rewards

- **Processes**

- Informal communication, networks, recruitment

Definitions of Strategy

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- The term “strategy” is intended to focus on the interdependence of the adversaries’ decisions and on their expectations about each other’s behavior” (Thomas Schelling [The Strategy of Conflict](#))

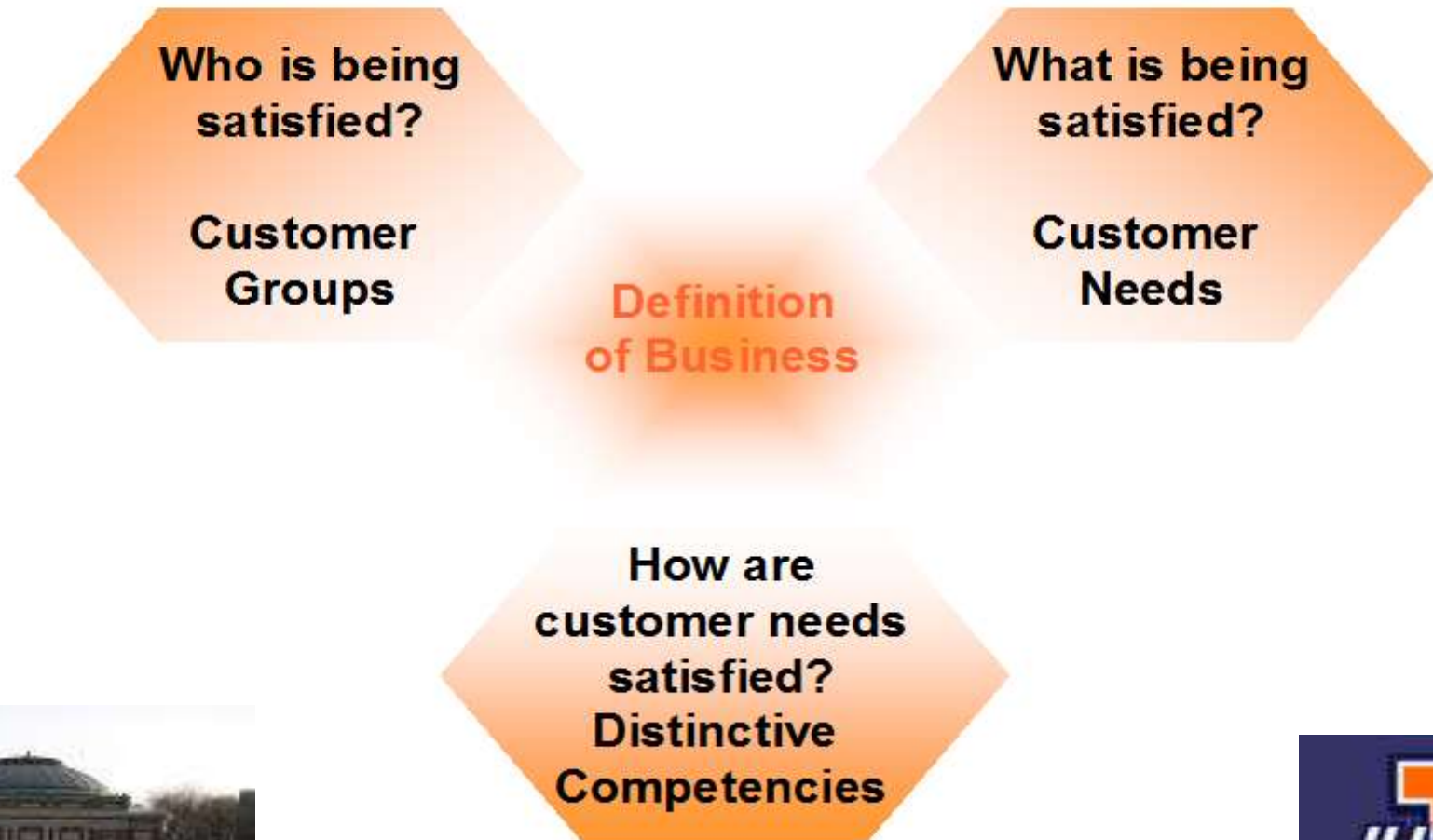


- “Strategy can be defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out those goals.”
(Alfred D. Chandler [Strategy and Structure](#))



- Strategy is: “The pattern or plan that integrates an organization’s major goals, policies, and action sequences into a cohesive whole. A well formulated strategy helps to marshal and allocate an organization’s resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents.” (James Brian Quinn, [Logical Incrementalism](#))

Abell's Framework for Defining the Business



Defining the Business: The Starting Point of Strategy

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- **Example: Fall of the Railroads**
 - **“They let others take customers away from them because they assumed themselves to be in the railroad business rather than in the transportation business. The reason they defined their industry wrong was because they were railroad oriented instead of transport oriented; they were product oriented instead of customer oriented.”**



Theodore Levitt “Market Myopia”