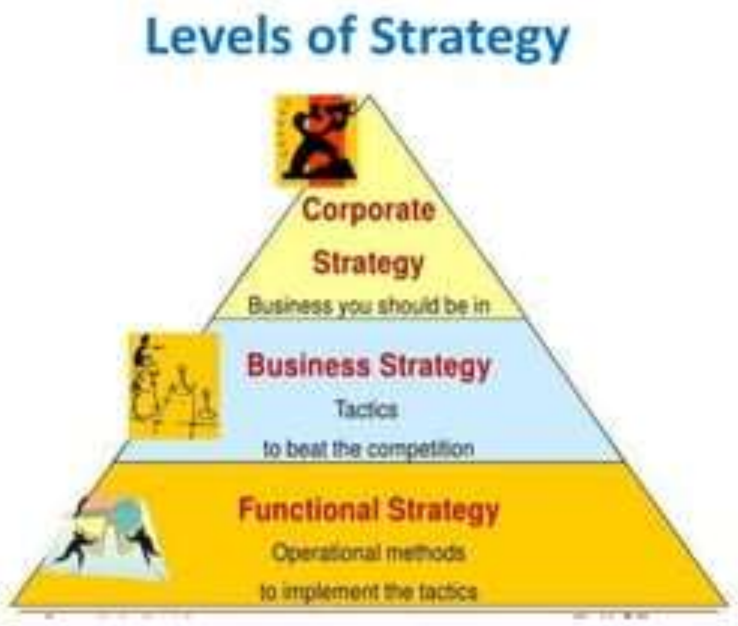
Business Strategy

- **Business Strategy :**
- A business strategy is a company's long-term plan for achieving its goals and gaining a competitive advantage.
- It's a crucial component of a company's success, and is developed before any products or services are produced or delivered.

Different Levels of Strategy



Corporate Level Strategy: At the pinnacle of strategic planning is the corporate-level strategy, which sets the comprehensive **direction and goals for the entire organization**. This strategy is about defining the path an organization will take to **achieve long-term success and often involves decisions on diversification, acquisitions, and new market entry.**

Business Level Strategy: The Business Level Strategy focuses more narrowly on how a business competes in its chosen market(s). It's about carving out a competitive position, leveraging unique strengths, and delivering value to customers in ways that are difficult for competitors to match.

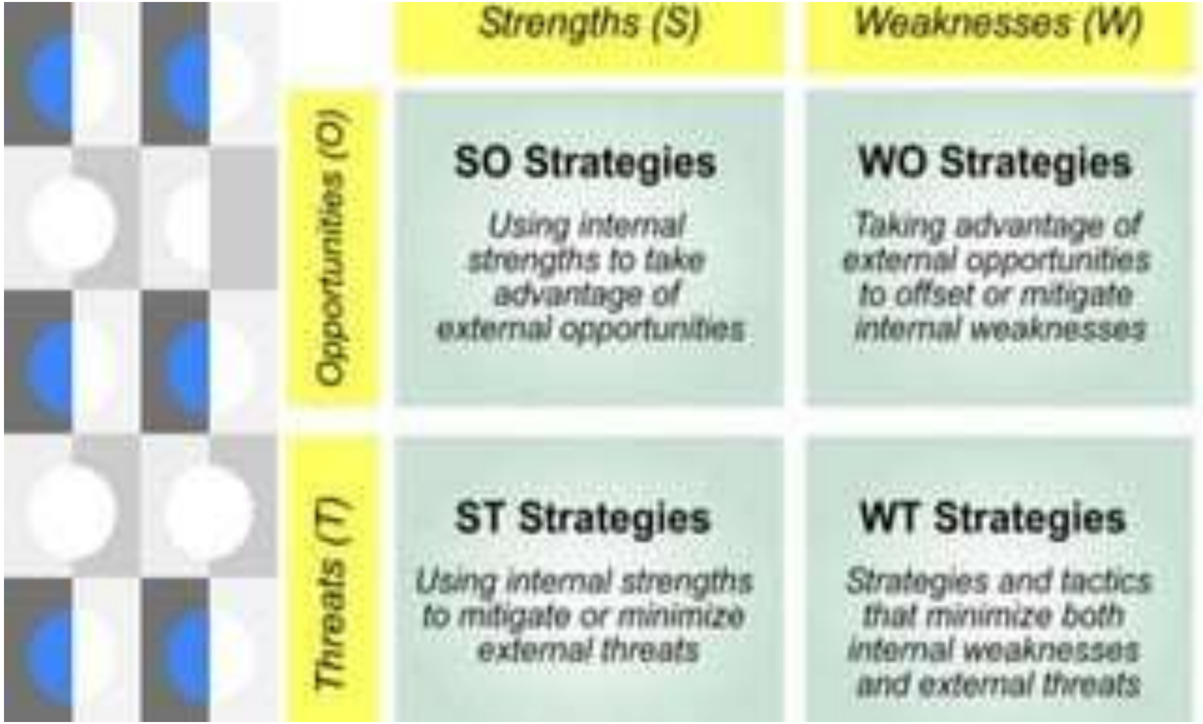
Functional Level Strategy: **Operational effectiveness** is the realm of the Functional Level Strategy, which is concerned with maximizing efficiency and performance in specific areas of the business such as marketing, human resources, IT, and operations.

TOWS MATRIX

TOWS Matrix is an acronym for Threats, Opportunities, Weakness and Strength.

TOWS Matrix is same as SWOT analysis, which helps the company to analyse the Internal and External factor i,e Strength, Weakness, Opportunities and Threats. The only difference between them is that SWOT analysis only give the description about internal and external factor whereas TOWS matrix shows the relation between internal and external factor so that company can frame their strategies to take maximum benefit from it.

How it works ?


Strengths (S)
Weaknesses (W)
Opportunities (O)
Threats (T)
SO Strategies
Using internal strengths to take advantage of external opportunities
WO Strategies
Taking advantage of external opportunities to offset or mitigate internal weaknesses
ST Strategies
Using internal strengths to mitigate or minimize external threats
WT Strategies
Strategies and tactics that minimize both internal weaknesses and external threats

Four Strategy Types in the TOWS Matrix

The matrix combines internal and external factors to create four types of strategies:

SO (Strengths-Opportunities) Strategies: Use internal strengths to capitalize on external opportunities.

Example: If a company has a strong R&D department (strength) and there's a growing market for sustainable products (opportunity), it can innovate eco-friendly solutions.

WO (Weaknesses-Opportunities) Strategies: Address weaknesses to better leverage external opportunities.

Example: A company with outdated technology (weakness) might invest in new systems to take advantage of a market shift toward digital solutions (opportunity).

ST (Strengths-Threats) Strategies: Use strengths to counteract external threats.

Example: A firm with strong brand loyalty (strength) might use it to fend off competition (threat) in a highly competitive market.

WT (Weaknesses-Threats) Strategies: Mitigate weaknesses to reduce vulnerability to external threats.
Example: A company with supply chain inefficiencies (weakness) in a volatile market (threat) could focus on streamlining operations to reduce risks.

3. Steps to Develop a TOWS Matrix

- Conduct a SWOT analysis to identify strengths, weaknesses, opportunities, and threats.
- Populate the TOWS Matrix by matching internal factors (strengths and weaknesses) with external factors (opportunities and threats).
- Generate specific strategies for each quadrant of the matrix.
- Prioritize and select the most feasible strategies for implementation.