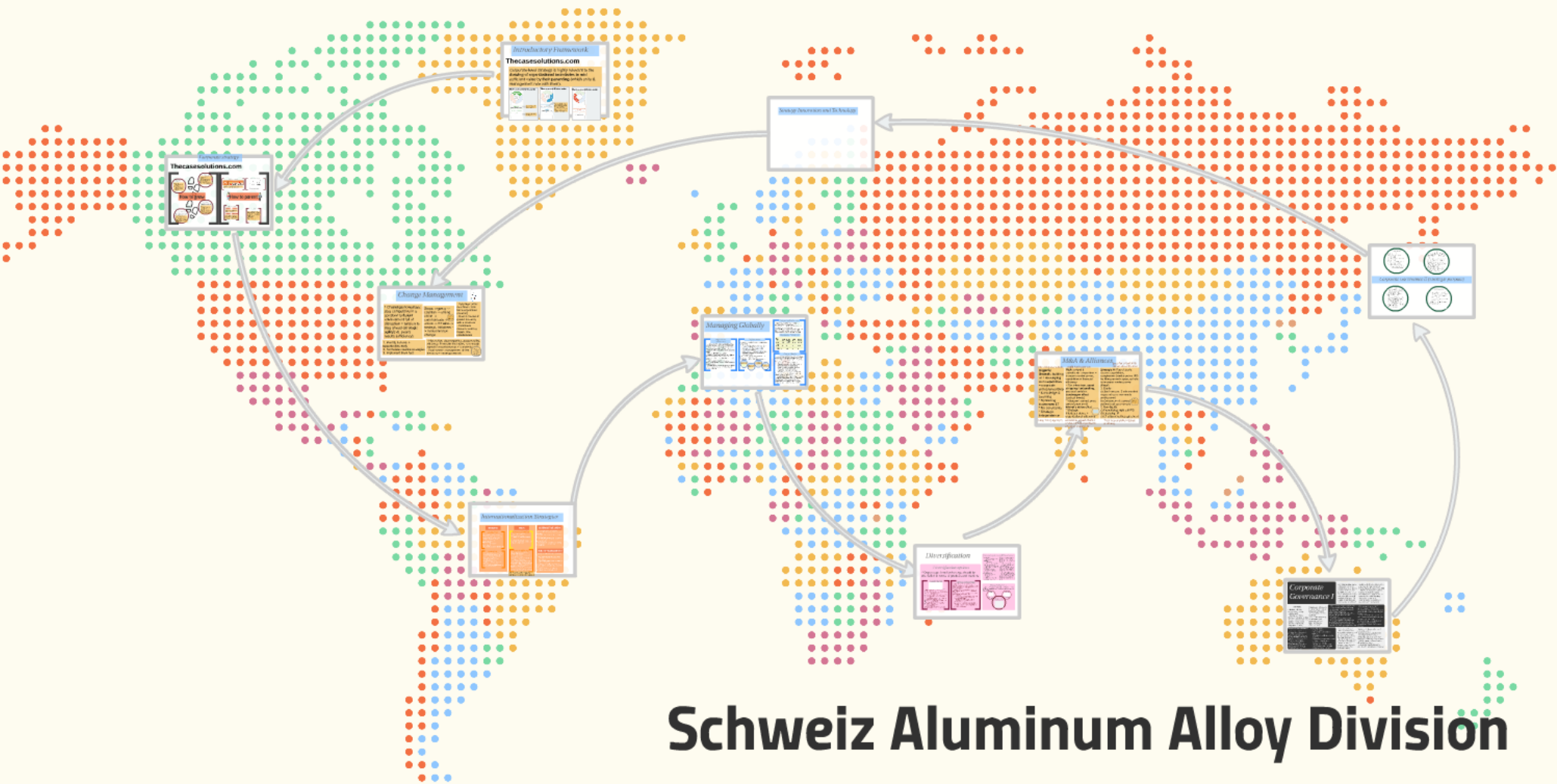


Schweiz Aluminum Alloy Division

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Schweiz Aluminum Alloy Division

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Introductory Framework

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Corporate-level strategy is highly relevant to the drawing of organizational boundaries to add sufficient value by their **parenting** (which units & management role with them).



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(both internal and external) SWOT

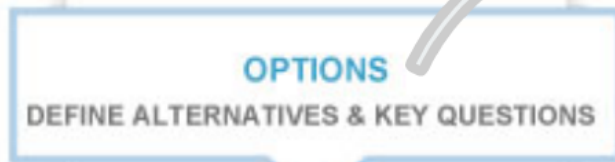


SW and competitive advantages

Thec



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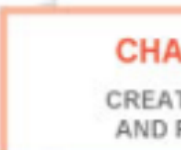
STRATEGIC OPTIONS

- * Generic strategies (Porter): Cost leadership, differentiation and focus
- * Development strategies (Ansoff): Product&Market develop., diversification & penetration
- * Strategic focuses: internal/external growth
- * Business model: Clients, supply, infrastructures & eco viability

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): Cost
and focus
(Ansoff):

/external

supply,
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Corporate strategy

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Diversifying Businesses

- a) related div
 - * Synergies (sharing resources)
- b) unrelated div
 - * New industry without significant resources being shared (no synergies)

M&A, Alliances and Organic Growth

- M&A) Quick access to resources, neutralization of potential competitors.
- (Cultural integration, excessive price.
- S Alliances) joint development & complementary alliances
- Management difficulty, learning race
- Organic G) cultural compatibility, LT required, innovation challenge.

How to grow

Geographically

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- REASONS**
- * To remain competitive
 - * Scale (use same resources)
 - * Economies of scale
 - * Sell more in international markets
 - However, adds complexity

Along the Value Chain

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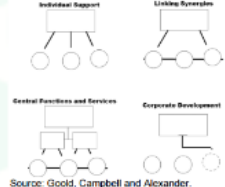
- ! * Vertical integration (to internalize key activities -> The company needs to have the basic knowledge and resources to be competitive

Value creation

| IMPROVES CAPABILITIES & RESOURCES? | UNDERSTANDS KSF? | |
|------------------------------------|----------------------|------------------|
| | YES | NO |
| YES | ★ Adding Value (Duh) | ✗ AV to Non-KSF |
| NO | ✗ Value trap | Not Adding Value |

* Strategic harmony: the influence of the corporate center matches the need felt by the BU

Types of Parenting



How to parent



4 Styles of Parenting

| S Approach | S Innovation |
|---|---|
| Focus on 1 strat Culture important | Set rules of the game |
| S Alignment | S with discipline |
| BU to corporate centre despite high degree of diversification | Financial results, independence, BOD relationship with Stakeholders |

Role of BOD

- * Legal responsibilities
- * Formal obligations on members
- * Contribute to the relationship with stakeholders and alliances
- * Supply info for CEO
- * Advisory board
- * Parenting
- * Think tank

Along the Value Chain

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-> The company needs to have the basic knowledge and resources to be competitive

Geographically

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REASONS

- * To remain competitive
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