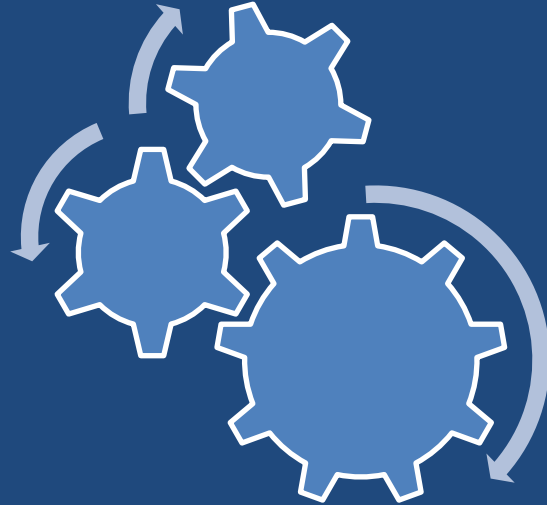


**ASPIRE FOR EXCELLENCE CONFERENCE**

# **DEVELOPING YOUR BUSINESS STRATEGY**



**UYOUKO NYONG**

**Leadership Expert and Business Coach**



# KEY SCRIPTURES

**“The labour of the foolish  
warieth everyone of them,  
because he knoweth not how to  
go into the city”**

**Eccl 10: 15**

**“I therefore so run, not as uncertainly;  
so fight I, not as one that beateth the  
air”**

**1Cor. 9:27**



# What is a Strategy?

- **Foolish Labour is activity without a strategy**
- **A Strategy is simply how you will go about achieving your goals and vision**
- **It is a careful plan or method or approach towards achieving a goal**
- **A long term plan that you create for your business to reach your desired future state**



# What is a Strategy?

- **Business strategy is fundamentally about how you are going to respond to what's happening in your market & what your competitors are doing.**
- **A strategy is solid when all the assumptions you make at the time of its creation have been validated & tested for accuracy, and the decisions you've made can be presented with clear facts & evidence**



# What is a Strategy?

- **A good strategy will help you make good investment decisions like how & where you would like to spend money.**
- **It also provides guidance on project prioritization and other activities within your business organization, allocate & optimize resources, and make profits that generate above-average returns.**



# A Business Strategy Must?

- **Give your business competitive advantage**
- **Overcome threats of new entrants**
- **Give your business effective market positioning**
- **Manage bargaining power of suppliers**



# A. COMPETITIVE ADVANTAGE

- **It is the ability of a business to outperform its competitors**
- **Allows your business to achieve superior margin and generates value for the company and shareholders**
- **It must be difficult or impossible to duplicate**



# To Build a Competitive Advantage

A business must be able to detail the **BENEFIT** that they provide to their **TARGET MARKET** in ways that their other competitors cannot





# Establishing a Competitive Advantage

- **Cost Leadership** – where prices of your products/services are the lowest
- **Product Differentiation** – Where you deliver the highest quality or best innovative products/service to customers
- **Focus** – Where a business focuses his products/services towards a narrow market segment



# Examples of Competitive Advantage

- Access to resources restricted to competitors
- Highly skilled labour
- A unique geographical location for your business
- Ability to manufacture or sell product at lowest cost
- Brand image recognition



## **B. THREATS OF NEW ENTRANTS**

- **Threats posed by new competitors within a business industry.**
- **Exerts significant influence on the ability of current businesses to generate and sustain profit.**



# Overcoming the Threats of New Entrants

By building strong barriers to  
new entry.

**Note:** The strength of new entrants  
depends on the strength of the  
barriers to entry



# Barriers to New Entrants

- **Brand loyalty**
- **Cost advantages**
- **Capital requirement**
- **Access to suppliers and distribution channels**
- **Government regulations**
- **Retaliation (Not morally okay)**



# High Threats vs Low Threats of New Entrants

HIGH THREATS	LOW THREATS
Low brand loyalty in your industry	High brand loyalty in your industry
Your brand name(s) is not well known	Your brand name(s) is well known
Low initial capital investment	High initial capital investment
Access to suppliers and distribution channels are difficult	Access to suppliers and distribution channels are easy
Weak government regulations	Strong government regulations
Proprietary technology is not required	Proprietary technology is in use
No threat of retaliation	High threats of retaliation

**\*\*\* Retaliation is strongly discouraged**



# Where do you want to be?

**High Barriers to Entry = Low Threats of  
New Entrants = Increased Profit Potential**

**Low Barriers to Entry = High Threats of  
New Entrants = Reduced Profit Potential**



# C. MARKET POSITIONING

**The ability to influence  
consumer perception in relation  
to rival (competitor) brands.**





# Ways to Position your Business

- **Product attributes & benefits:** Where you associate your brand/product with certain characteristics or with certain beneficial value
- **Product Price:** where you associate your brand/product with competitive pricing
- **Product quality:** where you associate your brand/product with high quality
- **Product use and application:** Associating your brand/product with a specific use
- **Competitors:** Making consumers think that your brand/product is better than your competitors



# D. BARGAINING POWER OF YOUR SUPPLIERS

- This is the pressure exerted by suppliers on businesses.
- By raising their prices
- By lowering their quality
- By reducing the availability of their products
- **Result:** Affects the competitive environment and the profit potential of the buyer (You doing the business).



# Types of Suppliers

- **Manufacturer and vendors**
- **Distributors and wholesalers**
- **Independent suppliers**
- **Importers and Exporters**
- **Drop shippers**



# **BPoS Determining Factors**

- **Number of suppliers relative to buyers**
- **Dependence of a supplier's sale on a particular buyer**
- **Switching costs of suppliers**
- **Availability of suppliers for immediate purchase**
- **Possibility of forward integration by suppliers**



# Strong Vs Weak BPOS

<b>Strong</b>	<b>Weak</b>
<b>Switching costs of buyers are high</b>	<b>Switching costs of buyers are low</b>
<b>Threat of forward integration is high</b>	<b>Threat of forward integration is low</b>
<b>Small number of suppliers relative to buyers</b>	<b>Large number of suppliers relative to buyers</b>
<b>Low dependence of a supplier's sale on a particular buyer</b>	<b>High dependence of a supplier's sale on a particular buyer</b>
<b>Switching costs of suppliers are low</b>	<b>Switching costs of suppliers are high</b>
<b>Substitutes are unavailable</b>	<b>Substitutes are available</b>
<b>Buyer relies heavily on sales from suppliers</b>	<b>Buyer does not rely heavily on sales from suppliers</b>

**Which one do you want?**



# CONCLUSION

- Developing a Business Strategy??? So much brain and paper work as you can see. Are you ready for it? Then sit down and develop yours to suit your business.
- A Lazy man roasteth not that which he took in hunting: but the substance of the diligent is precious. **Prov. 12:27**

**THANK YOU!**