



LEVELS

Corporate strategy attempts to define the domain of businesses in which the firm intends to operate. A firm might adopt any of three forms of corporate strategy. These are called a single-business strategy, a related diversification strategy, and an unrelated diversification strategy.

An Example



01 SINGLE BUSINESS

Competes in the global gaming industry, producing video game consoles, software, and related accessories.



02 RELATED DIVERSIFICATION

Spans all the consumer electronics, entertainment, and home and kitchen appliances industries



03 UNRELATED DIVERSIFICATION

Known for audio equipment but has diversified into unrelated fields, e.g, healthcare, DJ equipment, car audio, etc.

Each firm has answered quite differently the question of what constitutes its business domain. Their divergent answers reflect their differing corporate strengths and weaknesses, as well as their differing assessments of the opportunities and threats produced by the global economic and political environments.

The Deets

01 SINGLE BUSINESS

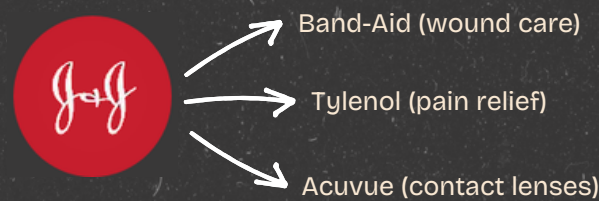
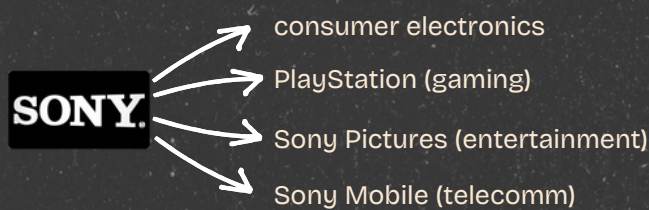
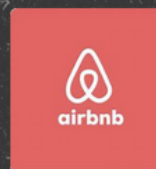
Calls for a firm to rely on a single business, product, or service for all its revenue.

Strength:

The firm can concentrate all its resources and expertise on that one product or service.

Weakness:

Increases the firm's vulnerability to its competition and to changes in the external environment.



02 RELATED DIVERSIFICATION

Calls for a firm to operate in several different but fundamentally related businesses, industries, or markets at the same time.

Strength:

Leverages a distinctive competence in one market to strengthen its competitiveness in others. May produce economies of scale, and, in turn, foster innovation

Weakness:

Can strain a firm's managerial, financial, and operational resources. This can lead to inefficiencies and difficulties in effectively managing the new ventures.



03 UNRELATED DIVERSIFICATION

Calls for a firm to operate in several unrelated industries and markets.

Strength:

The parent firm can raise capital more easily than the child firms. Risk is reduced due to diversification across sectors.

Weakness:

The lack of potential synergy through the unrelated businesses is an issue. Leveraging success from one entity to another is challenging. Managing across LOBs is difficult.



HealthCare



Aerospace



Vernova