

The Strategic Engine Model: Redefined Strategy Structure, as per Market- and Resource-Based Theory Application, Tested in the Automotive Industry

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Abstract : The purpose of the paper is to redefine the levels of structure of corporate, business and functional strategies that were established over the past several decades, to a conceptual model, consisting of corporate, business and operations strategies, that are reinforced by functional strategies. We will propose a conceptual framework of different perspectives in the role of strategic operations as a separate strategic place and reposition the remaining functional strategies as supporting tools, existing at all three levels. The proposed model is called 'the strategic engine', since the mutual relationships of its ingredients are identical with main elements and working principle of the internal combustion engine. Based on theoretical essence, related to every strategic level, we will prove that the strategic engine model is useful for managers seeking to safeguard the competitive advantage of their companies. Each strategy level is researched through its basic elements. At the corporate level we examine the scope of firm's product, the vertical and geographical coverage. At the business level, the point of interest is limited to the SWOT analysis's basic elements. While at operations level, the key research issue relates to the scope of the following performance indicators: cost, quality, speed, flexibility and dependability. In this relationship, the paper provides a different view for the role of operations strategy within the overall strategy concept. We will prove that the theoretical essence of operations goes far beyond the scope of traditionally accepted business functions. Exploring the applications of Resource-based theory and Market-based theory within the strategic levels framework, we will prove that there is a logical consequence of the theoretical impact in corporate, business and operations strategy – at every strategic level, the validity of one theory is substituted to the level of the other. Practical application of the conceptual model is tested in automotive industry. Actually, the proposed theoretical concept is inspired by a leading global automotive group – Inchcape PLC, listed on the London Stock Exchange, and constituent of the FTSE 250 Index.

Keywords : business strategy, corporate strategy, functional strategies, operations strategy

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