DOWNLOAD PDF WHAT IS STRATEGIC BUSINESS UNIT

Chapter 1 : What is business unit strategy? definition and meaning - www.nxgvision.com

A strategic business unit, popularly known as SBU, is a fully-functional unit of a business that has its own vision and direction. Typically, a strategic business unit operates as a separate unit, but it is also an important part of the company.

Stratified sampling is a type of sampling method in which the total population is divided into smaller groups or strata to complete the sampling process. The strata is formed based on some common characteristics in the population data. After dividing the population into strata, the researcher randomly selects the sample proportionally. Stratified sampling is a common sampling technique used by researchers when trying to draw conclusions from different sub-groups or strata. The strata or sub-groups should be different and the data should not overlap. While using stratified sampling, the researcher should use simple probability sampling. The population is divided into various subgroups such as age, gender, nationality, job profile, educational level etc. Stratified sampling is used when the researcher wants to understand the existing relationship between two groups. The researcher can represent even the smallest sub-group in the population. There are two types of stratified sampling â€” one is proportionate stratified random sampling and another is disproportionate stratified random sampling. In the proportionate random sampling, each stratum would have the same sampling fraction. For example, you have three sub-groups with a population size of , , subjects in each subgroup respectively. Now, to make it proportionate, the researcher uses one specific fraction or a percentage to be applied on its subgroups of population. Here the constant factor is the proportion ration for each population subset. The only difference is the sampling fraction in the disproportionate stratified sampling technique. The researcher could use different fractions for various subgroups depending on the type of research or conclusion he wants to derive from the population. The only disadvantage to that is the fact that if the researcher lays too much emphasis on one subgroup, the result could be skewed. A strategic business unit, popularly known as SBU, is a fully-functional unit of a business that has its own vision and direction. Typically, a strategic business unit operates as a separate unit, but it is also an important part of the company. It reports to the headquarters about its operational status. A strategic business unit or SBU operates as an independent entity, but it has to report directly to the headquarters of the organisation about the status of its operation. It operates independently and is focused on a target market. It is big enough to have its own support functions such as HR, training departments etc. There are several benefits of having an SBU. This principle works best for organisations which have multiple product structure. These companies have different product categories under one roof. For example, LG as a company makes consumer durables. It makes refrigerators, washing machines, air-conditioners as well as televisions. These small units are formed as separate SBUs so that revenues, costs as well as profits can be tracked independently. Once a unit is given an SBU status, it can make its own decisions, investments, budgets etc. It will be quick to react when the product market takes a shift or changes start happening before the shift happens.

Chapter 2 : What Is Strategy? Strategy Training From www.nxgvision.com

Strategic Business Unit (SBU) Definition: Strategic Business Unit (SBU) implies an independently managed division of a large company, having its own vision, mission and objectives, whose planning is done separately from other businesses of the company.

The company headquarters still gives the divisions strategic direction. Strategic Business Units, or SBUs, are organizationally complete and separate units that develop their own strategic direction. They still report back to company headquarters but operate as independent businesses organized according to their target markets. They are often large enough to have their own internal organizational divisions. Historic Differences Starting in , companies became too large and diversified to manage under a traditional, pyramid organization. The solution was decentralization via the creation of organizational divisions that performed some functions independently of the company headquarters. This strategy was successful until , when growth of profits stagnated. Given strategic direction from headquarters, some divisions could not adjust to their markets while others were stuck in low growth areas. In , GE pioneered the introduction of a new, different approach based on strategic business units. Each SBU developed its own strategic approaches to its markets. This difference let each SBU adjust to its market requirements and generate maximum growth for its segment. Differences in Implementation For a company to implement the SBU approach means adopting a completely different management style and company orientation. Instead of looking at and analyzing themselves, companies must analyze markets. The main difference is that divisions are internally focused while SBUs look outward.. Strategic Differences The creation of SBUs highlights the differences in strategic direction from a divisional organization. Trying to develop an overall strategy for the direction of a diversified company is difficult and means that particular strategic elements are never quite right for all the divisions. A division may often receive directions that are unclear or not completely applicable. Once a company sets up SBUs, they develop their own strategies. They analyze their competitive position in their market, they develop products that respond to the needs of their customers and they evaluate their performance. Divisions generally do not carry out such tasks. Differences in Results It is difficult for companies organized along divisional lines to identify which activities create the most value and which should be abandoned. This is especially true of companies where the divisions are functional, such as those with operating, sales and service divisions. While divisions may have profit centers, decisions on where to best allocate resources are often not easy. For companies organized along SBU lines, such decisions are easier and result in a more efficient use of resources. It is clear when an SBU is active in a growing or stagnant market and whether it is a market leader. SBUs that are leaders in growing markets are assigned additional resources while those that lag in stagnant markets are shut down so that the company as a whole operates more efficiently.

DOWNLOAD PDF WHAT IS STRATEGIC BUSINESS UNIT

Chapter 3 : What is Strategic Business Unit (SBU)? definition and meaning

In business, a strategic business unit (SBU) is a profit center which focuses on product offering and market segment. SBUs typically have a discrete marketing plan.

Location within that industry comes in at a close second. Competitive Advantage A competitive advantage is one gained over competitors by offering consumers better value. You increase value by lowering prices or increasing benefits and services to justify the higher price. Differentiation and cost leadership strategies search for competitive advantage on a broad scale, while focus strategies work in a narrow market. Sometimes, businesses look for a combination strategy to please customers looking for multiple factors such as quality, style, convenience and price. Cost Leadership Strategy To practice cost leadership, organizations compete for the largest number of customers through price. Cost leadership works well when the goods or services are standardized. That way, the company can sell generic acceptable goods at the lowest prices. They can minimize costs to the company in order to minimize costs to the customer without decreasing profits. A company either sells its goods at average industry prices to earn higher profits than its competitors or it sells at below-industry prices, trying to profit by gaining the market share. Wal-Mart is an example of a company with a cost leadership strategy. Differentiation Strategy Differentiation strategy calls for a company to provide a product or service with distinctive qualities valued by customers. You draw customers because you set yourself apart from the competition. To succeed at this strategy, your business should have access to leading scientific research or perform this research ; a highly skilled and creative product development team; a strong sales and marketing team; and a corporate reputation for quality and innovation. Apple, for example, uses differentiation strategy. Focus Strategy Focus strategy is just what it sounds like: The idea is to serve a limited group of customers better than your competitors who serve a broader range of customers. A focus strategy works well for small but aggressive businesses. Specifically, companies that do not have the ability or resources to engage in a nationwide marketing effort will benefit from a focus strategy. Focus can be based on cost or differentiation strategy. It involves focusing the cost leadership or differentiation on a small scale. The idea is to make your company stand out within a specific market sector. Integrated Cost Leadership-Differentiation Strategy Companies that integrate strategies rather than relying on a single generic strategy are able to adapt quickly and learn new technologies. The products produced under the integrated cost leadership-differentiation strategy are less distinctive than differentiators and costs are not as low as the cost-leader, but they combine the advantages of both approaches. A somewhat distinctive product that is mid-range-priced can be a bigger draw to customers than a cheap generic product or an expensive special one.

Chapter 4 : What is a Strategic Business Unit? (with picture)

Definition of strategic business unit (SBU): A separately managed division or unit of an enterprise with strategic objectives that is both distinct from.

Chapter 5 : The Difference Between a Strategic Business Unit and a Division | Bizfluent

A strategic business unit is a fully functional and distinct unit of a business that develops its own strategic vision and direction. Within large companies, there are several smaller specialized.

Chapter 6 : 6 Reasons why Strategic Business Units are Important - How SBUs help

Strategic business units are absolutely essential for multi product organizations. These business units are basically known as profit centres. They are focused towards a set of products and are responsible for each and every decision / strategy to be taken for that particular set of products.

DOWNLOAD PDF WHAT IS STRATEGIC BUSINESS UNIT

Chapter 7 : Strategic Business Unit - What is Marketing strategy?

A strategic business unit is a division or team of a company that is responsible for its own strategy and bottom www.nxgvision.com some cases, they are run as a completely separate business.

Chapter 8 : Strategic business unit - Wikipedia

Large, diversified companies organize themselves into divisions to break the management of the company into smaller, organizationally cohesive parts. The company headquarters still gives the.

Chapter 9 : What is Strategic Business Unit (SBU)? definition and structure - Business Jargons

Strategic Business Units Definition. A Strategic Business Unit (SBU) is a basic organisational unit for which it is meaningful to formulate a separate competitive strategy (Grant,).