Product Strategy Process in a High-technology Company

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Research Problem

What kind of overall strategy and product strategy creation process is suitable for international high-technology company and how individual product strategies are successfully aligned with strategy created by this process?

Research problem was divided into following sub-problems:

– What are strategies used by companies in high-technology environment and what are the characteristics of strategy is suitable for those companies?

– How this strategy is created or in other words what are the characteristics of the process for creating such a strategy?

– What are product strategies used by companies in high-technology environment and what are the characteristics of product strategies that are useful in high-technology environment?

– How individual product strategies are successfully aligned with overall company strategy?

Research Objective

1. Review and summarise strategy models

   1. Review and summarise general strategy and strategy creation process models

   2. Review and summarise product strategy frameworks that can be seen as useful in high-technology environment

   3. Review and summarise strategy frameworks that link overall company strategy with individual product strategies

2. Analyse how these strategy creation processes and product strategies are utilised in high-technology companies and how these two can be aligned successfully

3. Find development areas in strategy creation process, in use of product strategies, and how these two are aligned in the case company

Research Methodology

- Exploratory literature study
  - Research objectives 1.1, 1.2, and 1.3.
  - Review and summary of general strategy and strategy creation process models
  - Review and summary of product strategy frameworks
  - Review and summary of strategy frameworks that link overall company strategy with individual product strategies
- Case study
  - Research objectives 2. and 3.
  - Case study method is most appropriate for studying "why" and "how" questions
  - Realised as an interview research
  - Sections: corporate strategy, linking strategy, and product strategy
  - Interviewees: top management, middle management, and product management
  - Face-to-face interview with open ended questions

Strategy Models

- Study utilised integrative frameworks for summarising strategy models

- Integrative frameworks categorise different strategy frameworks into more generic groups
  - Chronological development
  - Development in thinking
  - Common elements

- Study utilised strategy framework categorisation presented by Mintzberg

- Strategy frameworks were divided under ten schools of thoughts.

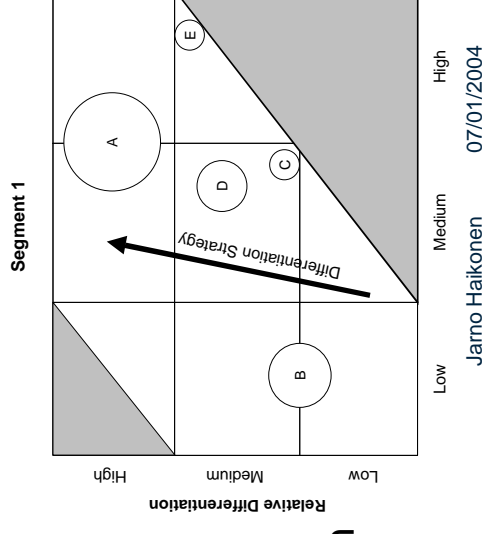- Usability of these school were analysed based on case study

The Schools	View on strategy formation
The Desing School	Strategy formation as a process of *conception*
The Planning School	Strategy formation as a *formal* process
The Positioning School	Strategy formation as an *analytical* process
The Entrepreneurial School	Strategy formation as a *visionary* process
The Cognitive School	Strategy formation as a *mental* process
The Learning School	Strategy formation as an *emergent* process
The Power School	Strategy formation as a process of *negotiation*
The Cultural School	Strategy formation as a *collective* process
The Environmental School	Strategy formation as a *reactive* process
The Configuration School	Strategy formation as a process of *transformation*

Product Strategy Models

- Ansoff
  - Three components, namely the product-market scope, growth vector, and the competitive advantage
  - Penetration, market development, product development, and diversification strategies

- Porter
  - Three internally consistent generic strategies for creating defendable position
  - Cost leadership and differentiation, and focus (competitive scope)

- McGrath
  - Two strategies are competitive strategy and growth strategy.
  - Competitive strategy consists of product differentiation strategy and price-based strategy,
  - Supporting strategies time-based strategy, global product strategy, and cannibalisation strategy
  - Growth strategy on the other hand consists of innovation strategy and expansion strategy
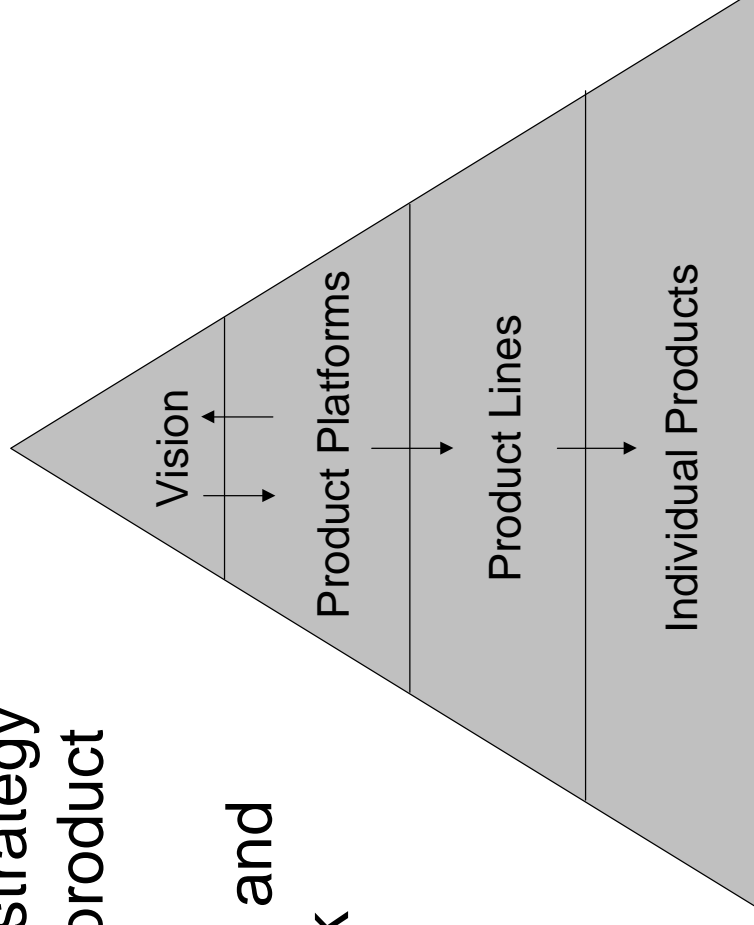
	Existing Product	New Product
Existing Market	Penetration Strategies	Product Development Strategies
New Market	Market Development Strategies	Diversification Strategies

Competitive Advantage

	Lower Cost	Differentiation
Broad Target	Cost Leadership	Differentiation
Narrow Target	Cost Focus	Differentiation Focus

Competitive Scope

Segment 1

Relative Differentiation: High / Medium / Low

Differentiation Strategy: Low / Medium / High

Linking Strategies

- Very little previous research related to linking overall company strategy to individual products and product lines

- Resource based strategies and product strategy framework suggested by McGrath

Vision

Product Platforms

Product Lines

Individual Products

Case Study

- Aim was to clarify how things were currently done and identify development areas
- Following area were analysed and lot of development idea were presented

- Overall Strategy Process and Structure
    - Strategy Structure
    - Strategy Process and Organisation
    - Strategy Process Planning Perspective and Timing
    - Communication and Commitment
    - Appraisal and Performance Measurement
    - Relation to different schools of thoughts

- Linking strategies
    - Product Platform Strategy
    - Product Line Strategy
- Product Strategies
    - Differentiation strategy
    - Price-based strategy
    - Time-based strategy
    - Cannibalisation strategy
    - Growth strategy