HOW BUSINESS STRATEGIES ARE CREATED?

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Abstract

The creation of business strategy is now the foundation of an organization's success. I think businesses need to have strong plans to keep their competitive edge while achieving long-term success in a global market that is becoming more and more competitive. In order to shed light on the techniques and procedures that influence strategic decision-making in business, this article aims to expose the complexity involved in developing corporate strategies. Based on current research and actual cases, the paper offers a thorough summary of the strategy development process. This article examines the complex process of developing a business strategy. It explores the several phases of strategy development, from basic market research to practical plan execution. The paper also seeks to clarify the crucial components that affect effective business strategy by looking at case studies, theoretical models and takes into account the importance of creativity, leadership, and flexibility in negotiating the dynamic corporate environment.

Key words: Theories of Business Strategy, Business Analysis, Organizational Design, Plan for allocating resources

1 Introduction

Nowadays, many people are surrounded by problems in their personal life, and the only way to get rid of it is to become a good professional in the society. This idea is based on earning enough money and achieving the lifestyle that a person wants and needs. That's why many go to school, then study at a university and get a degree. All this is done only to get a good job. I don't want to condemn this thing, but there are people who have found a way in life without having any academic degree or without studying well in school and university. I believe that most of these types of people have come to realize that working for someone will not give them the lifestyle they want. For this reason, most of them are businessmen and entrepreneurs. However, there are those who have studied at school and university and then gained experience by working in a good job and founded their own business. The first category of people mostly faces a lot of difficulties in life and lose relatively more time, money, and health until they start their business. The second category, people who have gained enough knowledge and experience in a university and a good job, know that each job needs to be properly planned and acted on the basis of strategy, and they spend less resources, focusing on maximum risk management. How it all comes about is by developing the right business strategy. The correctness and accuracy of the business strategy determines the future of the business, and we all know that without a clearly developed strategy, many unforeseen difficulties await the business.

2 Literature view

2.1 Theories of Business Strategy

2.1.1 *The Blue Ocean Strategy* is a combination of affordable prices and distinctiveness in order to generate additional interest while setting up an unfamiliar marketplace. The goal is to establish and seize a market that is uncontested such that the rivalry is rendered obsolete. It is predicated on the idea that business infrastructure and limits of the market are malleable and might be recreated by the attitudes and behaviors of industry participants. The laws of the contest are already established in blue water thus rivalry is meaningless. An example for the deeper, broader potential that exists in uncharted market area is a "blue ocean." When it comes to successful expansion, a blue ocean is large, deep, and strong (Kim and Mauborgne, 2023) [1].

2.1.2 *The Resource Based View (RBV)* examines and evaluates a business's own assets and prioritizes assets and capabilities when developing a plan to gain competitive edge over the long term. The assets may be thought of as inputs that allow businesses to perform their operations. Businesses' strategic decisions while fighting in the outside world of work are influenced by their within-company assets and expertise. Some organizations' capabilities also enable them to produce new goods, enter new markets, or add value to the customer value chain. To create competitive edge that lasts, the RBV makes use of the organization's own resources and competencies. RBV states that not all of the assets of a business will be fundamental and, thus, provide competitive edge. Only in circumstances where resources diversification and instability does the advantage arise (Madhani, 2020) [2].

2.1.3 *The term balanced scorecard (BSC)* applies to the strategically managerial effectiveness measure intended to detect with develop different corporate organizational processes plus associated resulting public consequences. Competitive scorecards are widely used by businesses in America, the UK, Japan, and Europe to monitor and give assessment to their operations. When executives and management collect and analyze the findings, data collecting is essential to producing tangible outcomes. Employees of the firm may utilize this knowledge to help them create more appropriate choices for their companies' development (Tarver, 2024) [3].

2.2 Business Analysis

2.2.1 *A SWOT* analysis is a method for determining your company's or that of a particular initiative's strengths, weaknesses, opportunities, and threats. Although a SWOT analysis might be implemented for personal reasons, it is most frequently utilized by organizations ranging from startups and associations to major corporations. SWOT analysis uses the term strengths to describe successful internal efforts. You may better comprehend what is currently effective by looking at those parts. You can subsequently apply the strategies that you feel work well in another field that may require more help, such as increasing the productivity of your staff. In SWOT analysis, failing efforts within are referred to as weaknesses. To establish an average both both achievement and failure, it's beneficial to examine the advantages precede your deficiencies. Finding imperfections within gives you a place to start when trying to improve such endeavors. Company present weaknesses and strengths, as well as any outside activities that can improve the way you compete, are the sources for possibilities in the analysis. These might be whatever from regions which weren't found in the previous two stages of your study to deficiencies that you would like to strengthen. According to the analysis, threats are regions that might lead to issues. Threat are outside of your management and distinct from vulnerabilities. Whatever from a worldwide epidemic to a shift in the marketplace might fall under this category (Raeburn, 2024) [4].

2.2.2 *PESTLE:* The investigation of massive amounts economic factors, frequently pertaining to whole nations, is known as the field of macroeconomic. Political, economic, social, technical, legal, and environmental aspects are all included in this research. Organizations in a nation are impacted by its circumstances, and the analysis aids in their comprehension of the potential consequences of these components. A business may be able to outperform its rivals and boost revenue if it can effectively track PESTLE elements. Organizations may keep apprised of recent developments, create plans, and carry out market research by doing the analysis roughly six times a year. Firms may enhance their goods and services to better suit the wants of their clients by closely observing PESTLE variables. The manner and degree of governmental involvement in countries or sectors are considered political variables. Regulation, laws, stable politics, and the state of international relations are some of the ways that an administration may affect a nation's finances. The daily activities and earnings of firms can be directly impacted by economic issues. Government-established monetary laws are one example of how political and financial elements may coexist. The statistics, convictions, views, and customs of a region's residents are all considered social variables, sometimes referred to as socioeconomic status elements. These elements aid companies in comprehending the characteristics and driving forces of their prospective clients. These findings may be used by organizations to create campaigns that suit the requirements and habits of their target audience. Technological variables are the ways in which companies and sectors utilize innovation to manufacture and market products and offerings or manage activities. Companies that keep abreast of technology developments might leverage them to enhance and grow their operations and goals. The regulations of the nation where a business is located are known as legal considerations. These regulations can affect how firms function in that nation and might conflict with other issues, especially political ones. Companies must thus keep abreast of legislative developments to guarantee compliance with both regional and federal rules. Environmental variables include how enterprises may be affected by alterations to the surrounding environment. For instance, organizations in the property and construction industries may be impacted by a shortage of lumber brought on by deforestation as timber is an essential building resource and would cost more (Indeed Editorial Team, 2024) [5].

2.2.3 *Porter's Five Forces* approach is a well-known tool for assessing a company's rivalry situation and making sensible choices. This framework gives businesses a methodical way to evaluate their competitive landscape and make strategic choices that might affect their financial viability over time. The total amount of current participants and their level of industry recognition are assessed by competitive rivalry. Businesses frequently slash prices and spend a lot of money on advertisements in highly competitive sectors in an effort to gain customers. This implies that customers and vendors may easily switch to your rivals. Businesses in slower-growing industries, on the other hand, benefit from increased profits. When a product is exclusively available from a small number of suppliers, they have the power to set conditions and coerce companies into paying more. Because switching suppliers might be expensive, some people feel compelled to accept conditions that are not advantageous. Organizations should ideally be ready to expand their supply base. They may protect their supply chains, keep prices under oversight, and stay relevant by lowering their reliance on suppliers. The buying power is the authority that consumers have over a company. Significant consumer confidence in a field can influence how profitable a business is by allowing customers to demand better services, greater value, or cheaper costs. In a marketplace when there are greater numbers of sellers than buyers, consumers have more clout. Businesses may set themselves apart in this situation by creating unique benefits that support their higher charges. Innovative activities, outstanding treatment of clients, and reward systems are some of the examples. The possibility that consumers may choose to choose a different item or service is known as the Threat of Substitution. Organizations are susceptible to abrupt changes in client tastes when replacement risks are strong. Threat of New Entrants entails assessing a market's entrance hurdles. expensive obstacles can prevent new competitors from succeeding in the early stages, such as expensive initial capital expenditures and a small number of providers. A well-established company with substantial resources, for instance, might cut prices to keep a competitive advantage over newcomers. New rivals, however, can swiftly upset the current quo and erode your company's advantage (Danao, 2024) [6].

2.3 Organizational Design

The procedure of organizing and managing organizations is known as organizational design. It approaches organizational work holistically, taking into account team structures, patterns of shifting, disclosure, making decisions, methods for interaction, and many more factors. Helping a company achieve its objectives and become the best at what it does is the aim of company development. That might entail minor adjustments to procedures and frameworks or a major restructuring. When a business is expanding or, on the other hand, is shrinking, its organizational structure is frequently brought into play. A firm must reevaluate its operations in light of either of these changes. A shift in the business's approach, management, or operating environment are other factors that influence organization design. The company's design may boost revenue, boost interactions with consumers, and enhance the caliber of the products or services it provides. Within the company, it may improve the company's readiness for upcoming problems, provide safer environments for employees, and result in a more joyful, more driven staff (Malsam, 2022) [7].

<u>Examples of Organizational design</u>

Hierarchical Structure: The CEO or management is at the highest levels within this pyramid shared structure of operations, while rookie workers sit at the base of the ladder of control. This specifies the professional path, establishes authority, and identifies everybody to who should submit. Individuals at the bottom of the triangle may feel excluded from the method and creativity may be slowed down by an orderly system (Indeed Editorial Team, 2021) [8].

Matrix Structure: Teams of specialists formed for specific projects benefit greatly from such grid-like design. This arrangement facilitates communication between previously unrelated persons. In addition to offering a more dynamic perspective of the company, the matrix format makes it simple for supervisors to locate teammates for any endeavor they are overseeing. Workers are urged to apply their abilities outside of their primary position. Disputes among supervisors in various areas may result from it (Asana, 2024) [9].

Team-Based Structure: This organization assigns workers to teams, as the name implies. This goes against what’s believed to be a standard system of hierarchy and is great for an improved resolving issues creative atmosphere in which staff members retain greater control. By focusing on the interactions across individuals and colleagues rather than dividing sectors under one manager, the team system promotes interdepartmental cooperation. Teams collaborate to achieve the business's collective objective, occasionally with an internal structure. Groups must be made up of individuals whose skills and expertise match one other (University of Southern California, 2022) [10].

2.4 Plan for allocating resources

The practice of arranging resources, whether people, supplies, or machinery, to finish tasks is known as distributing resources. Resources are necessary for businesses to carry out their regular operations and to carry out both tactical and operational projects in order to accomplish certain objectives. This indicates that the process of allocating resources is essential to both planning for strategy and project management. The significance of the allocation of resources in these two sectors is briefly summarized below (Landau, 2023) [11].

Practical Example

1. Find your business objectives

Successfully launch a new product in the market by the end of the July 2025.

2. Assess Available Resources

• Human Resources: 10 marketing specialists, 5 product developers, 3 financial analysts.

• Financial Resources: $500,000 budget.

• Physical Resources: Office space, computers, marketing materials.

• Time: A year timeline with specific milestones.

3. Prioritize Tasks and Projects

• Conduct market research

• Develop product prototype

• Create marketing campaign

• Plan product launch event

• Post-launch customer feedback analysis

4. Allocate Resources

• Human Resources: Find 3 marketing specialists and 1 financial analyst to market research. Allocate 4 product developers to prototype development. Assign remaining marketing specialists to the marketing campaign.

• Financial Resources: Allocate $150,000 for market research, $200,000 for product development, and $150,000 for marketing and launch events.

• Physical Resources: Make sure marketing and product development teams have necessary tools and equipment.

• Time: Allocate two months for market research, three months for product development, and one month for marketing and launch preparations.

3 Research Methodology

Primary research

Primary research is one of the most difficult processes for us to perform. We knew that only studying the opinions of ordinary people for the topic we chose would not give us the results we expected. For this reason, we had to interview Umidjon Ishmukhamedov, an international businessman, and he was able to give us the necessary insights. He is the founder of the following businesses: @examsuz, @millatumidi_university, @cic_school, @eduactionuz, @kimyo.uz, @aromaair_uz_

Secondary research

For secondary research, it was necessary to conduct research within the scope of the topics given in the literature review. All of the major studies in this are the theories, analysis and scientific developments that you need to know in order to develop a business strategy.

4 Data Analysis

When developing a company plan, having a solid grasp of and ability to apply business planning theories may be quite beneficial. Businesses can manage challenging conditions, spot chances, and maintain an edge over others with this expertise. Developing a successful business plan is essential for any corporation to succeed in the fast-paced, cutthroat business world of today. A solid foundation for comprehending market patterns, concurrence, and inner strengths is provided by comprehension of business strategy theories, allowing organizations to make well-informed decisions that may result in long-term competitive advantage. These theories help firms negotiate difficulty, grasp chances, and succeed over the long term by offering insightful information about their internal capacities, competitive pressures, and market conditions. Organizations may improve deciding, maximize resources, and create a strong competitive edge by utilizing these conceptual models.

Information and understanding gained from in-depth analysis of businesses give a significant advantage in the field of company strategy. The process of assessing a company's strengths, shortcomings, possibilities, and dangers is known as business assessment. Businesses may develop well-informed plans that meet market demands, maximize resources, and promote long-term success by utilizing analytical techniques. The environment of a company's internal as well as external surroundings are systematically examined as part of the broad field of business evaluation. This includes methods and instruments including Porter's Five Forces, PESTLE analysis, and SWOT analysis. These technologies assist companies in obtaining important information, spotting patterns, and coming to wise judgments. Business evaluation helps businesses make well-informed decisions, maximize assets, and reduce hazards by offering a thorough grasp of their internal capacities and external factors. In addition to improving market posture, this advantage in strategy promotes profitable and steady development.

The foundation of a profitable business plan is an efficient organizational structure. It entails setting up a business to support effective procedures, promote a positive working atmosphere, and be in line with its objectives. Businesses may create and implement their company strategy with a major advantage if they comprehend and utilize organizational layout concepts. The contribution of design expertise to achieving strategic achievement is examined in this article. Developing and implementing successful company strategies requires a knowledge of and adherence to organizational structure ideas. Businesses may improve their productivity, flexibility, and overall success by coordinating their structure with strategic objectives, optimizing procedures, and cultivating a cooperative atmosphere. This advantageous position guarantees ongoing viability and expansion in addition to propelling commercial success. Businesses are better equipped to handle complexity and accomplish their goals with assurance and accuracy when they embrace design of organizations as a fundamental element of strategy development.

5. Discussion

• Results of primary research

In the interview with Umidjon Ishmukhamedov, we understood that creating a business strategy is based on a set of long-term analyzes and scientific research. In addition, depending on the type of business, I can say that we have learned to eliminate various shortcomings and errors that may occur due to incorrect estimates. In the conversation with that person, the following questions were answered on how to properly formulate a business strategy:

1. How do you initially develop the vision for your business, and how does it evolve over time?

Answer: When I first set out to develop my business vision, I started by identifying a key need or problem in the market I was interested in solving. This involved extensive market research, interviewing potential customers and understanding the competitive environment. I asked myself, "What value can we uniquely provide?" and "How can we be different?".

2. What are the core principles that guide creating a strategy?

Answer: Every strategy should be based on the organization's vision and mission. It ensures alignment with the long-term goals and core purpose of the business. Your strategy should reflect where you want to go and the advantage you want to create. In addition, a deep understanding of the market is essential. This includes identifying customer needs, analyzing competitors and industry trends. This is not something that can be explained in just a few sentences. It takes time, knowledge and skills to implement it.

3. What steps do you take to ensure that your business strategy is effectively executed across different levels of the organization?

Answer: The first step is to ensure that the strategy is clearly and comprehensively communicated to all levels of the organization. This includes not only sharing strategic goals, but also explaining their rationale. In addition, it is necessary to assign clear responsibilities and roles to team members. Everyone needs to know what they are responsible for and how their work contributes to strategic goals. It is necessary to create a regular monitoring and reporting system of the strategy implementation process. This includes weekly or monthly inspections, progress reports and performance reviews. Regular monitoring helps to identify any problems early and make necessary corrections. I attach great importance to these factors, and I am convinced of them after seeing them reflected in the reports provided.

4. How do you prioritize resources (time, money, talent) when implementing a new strategy?

Answer: Of these factors, the most important to me is time because it is a limited resource. Tasks that require time and can have a significant impact on the strategy should be prioritized. In addition, to control money, it is necessary to focus on investing in areas of high business impact and allocate more resources to businesses that benefit the majority.

5. What role does company culture play in supporting your strategic goals?

Answer: Company culture is a critical factor in our strategic goals. This plays an important role in ensuring that our strategies are not only carefully designed, but also effectively implemented. When employees feel they are part of a positive and inclusive culture, they are more engaged and encourage others to contribute to the success of the organization. A culture of employees who are satisfied with their work and feel confident that they are part of a good team promotes higher productivity and dedication to achieving goals.

• Results of secondary research

The Role of Theories: Business theories are crucial to this method because they offer models and frameworks that assist firms in comprehending and navigating complicated settings. As an example, the Blue Ocean strategy encourages companies to create new market areas rather than competing in crowded markets. By focusing on new innovations and value creation, companies can undercut the competition and capture new demand. This strategy emphasizes thinking outside existing market boundaries and fostering a culture of creativity and innovation. In addition, the Resource-Based View (RBV) focuses on leveraging a company's internal resources and capabilities to achieve competitive advantage. By identifying and developing these unique resources, businesses can build a strong foundation that is difficult for competitors to replicate. RBV encourages innovation and the development of core competencies that lead to long-term success. Businesses may prosper in the fast-paced, cutthroat world of today by adopting theory of business as essential elements of strategy development.

The role of analysis: By methodically examining the organization's setting, abilities, and objectives, business analysis enables managers to develop plans that are robust and flexible enough to adjust to shifting circumstances. Business evaluation helps guide tactical choices that set up the company for future development and success by recognizing important internal and external elements. For example, PESTLE research assists companies in anticipating how technical improvements, economic developments, and regulatory changes may impact their business processes. In contrast, Porter's Five Forces evaluates customer influence, supplier dominance, industry competitiveness, the danger of substitutes, and the potential danger of new competitors. Business analysts assist organizations in developing methods that not only take advantage of market possibilities but also lessen possible risks by looking at these variables. Researchers can determine when changes are required by examining current data and industry patterns, enabling the business to react promptly to shifting circumstances. For example, the plan of action can be changed to increase quality or change the method of advertising if consumer feedback shows that something does not fulfill standards. In the end, business analysis plays a crucial role in strategy development by bridging the disconnect among strategy and performance, guaranteeing that businesses are placed for long-term success in an environment that is becoming more complicated by the day.

The role of Organizational Design: When developing a plan, one of the main functions of organizational design is to provide a framework that facilitates effective implementation. Approaches frequently call for effective decision-making procedures, simplified interaction, and collaboration among departments. Businesses that prioritize productivity and established procedures, for instance, could find that a system of hierarchy works well, while those that seek flexibility and creativity might find that a collaborative or matrix arrangement works best. In order to create a unified atmosphere whereby policy can be implemented successfully, structure makes certain each division and individual knows their position in the larger plan by coordinating the framework with tactical goals. In order to remain forward of the trajectory, businesses should set up systems which motivate staff members to take chances, exchange ideas, and work together on creative approaches. Individuals from different professions may collaborate more in a collaborative environment with multidisciplinary groups, for instance, leading to creative ideas that a siloed organization may impede. By offering tools, criticism, and developmental chances, organizational design may also encourage ongoing learning by assisting staff in acquiring skills that support the company's changing strategy.

Conclusion

In conclusion, creating a business strategy requires the formation of strong intelligence and foresight. It seems that I now understand why he said that these things are not something that can be explained on the basis of a simple conversation in the interview with Umidjon Ishmukhamedov. I didn't take it seriously until I did my own research into the factors behind creating a strategy. I believed that just talking to the organizers of a few large businesses would be beneficial to my research. But after that businessman himself explained to me that the strategy was the product of analysis, everything became clear. I want to say that creating a strategy always requires significant knowledge and experience from a person. We can certainly gain this knowledge and experience by studying at a university and gaining experience by working in the field. Nevertheless, it is possible to create a personal business strategy without fear of making mistakes through initial knowledge, taking risks, and then developing it in the work process. Choosing one of these two paths always depends on one's courage.

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