

# **Business Policy and its components II**

**Business Policy  $\neq$  Business Strategy**

**Business Policy  $\neq$  Operations Management**

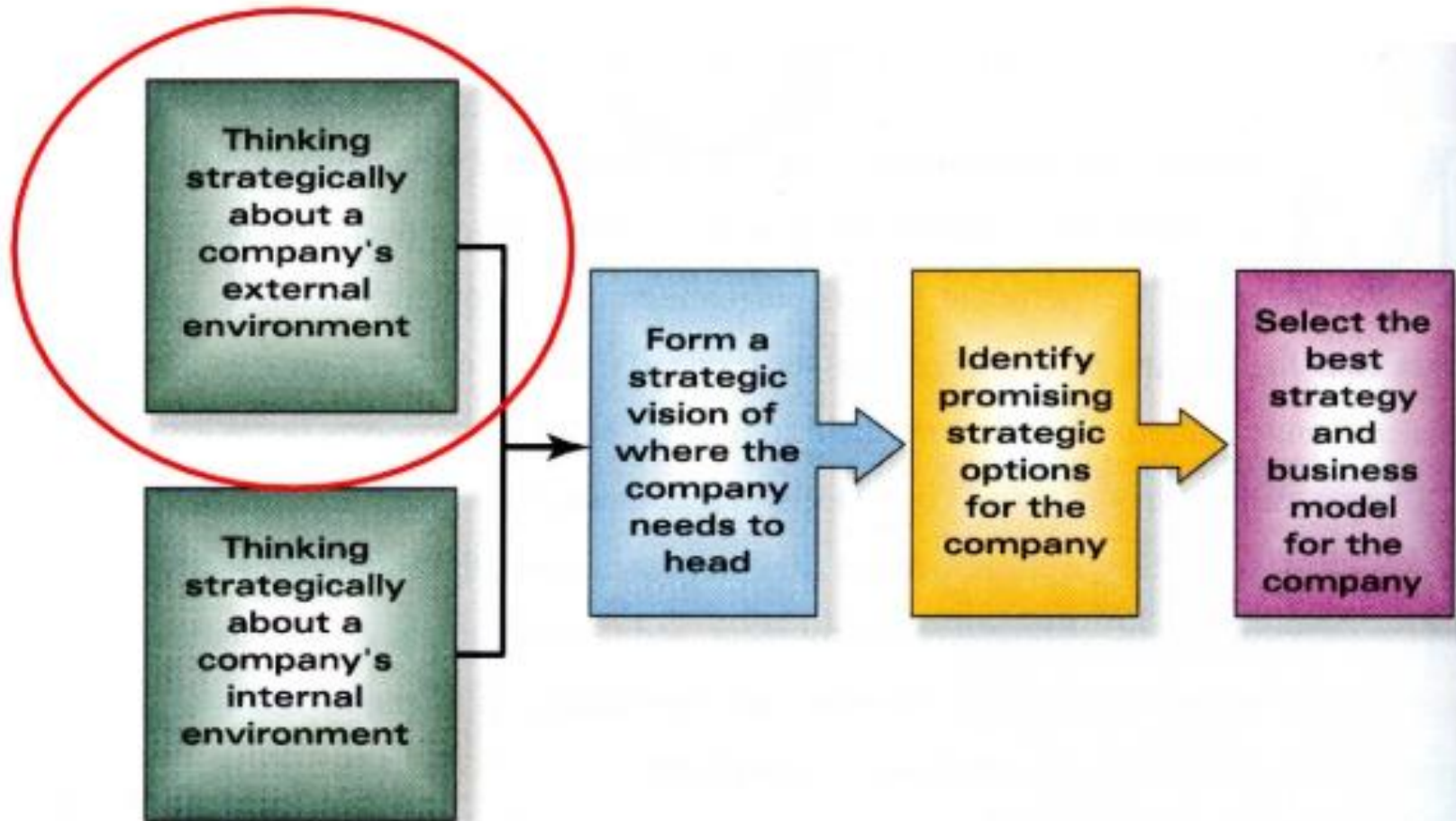
**Business Policy =  
Business Strategy + Operations  
Management + Leadership**

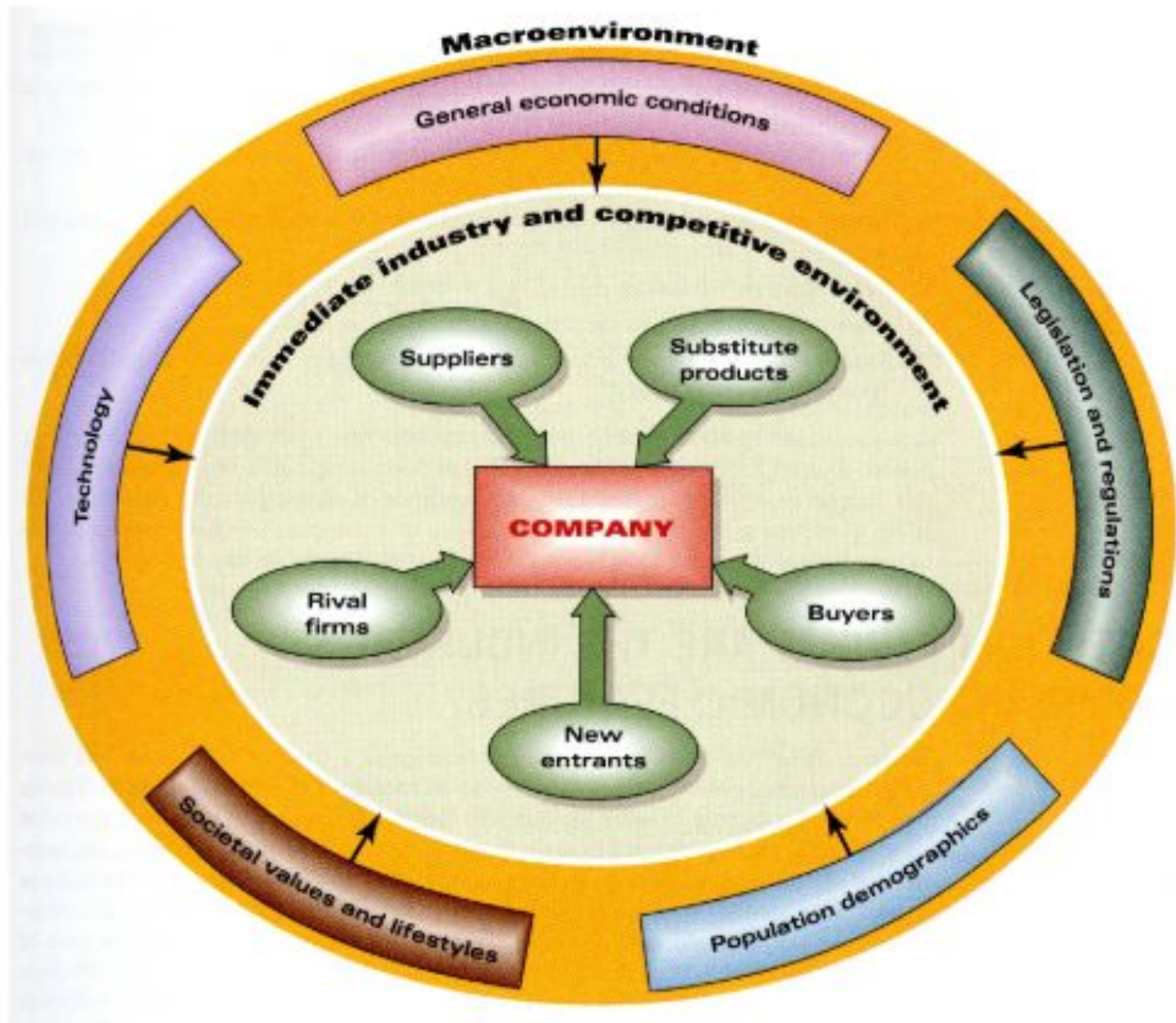
# **STRATEGY & ETHICS**

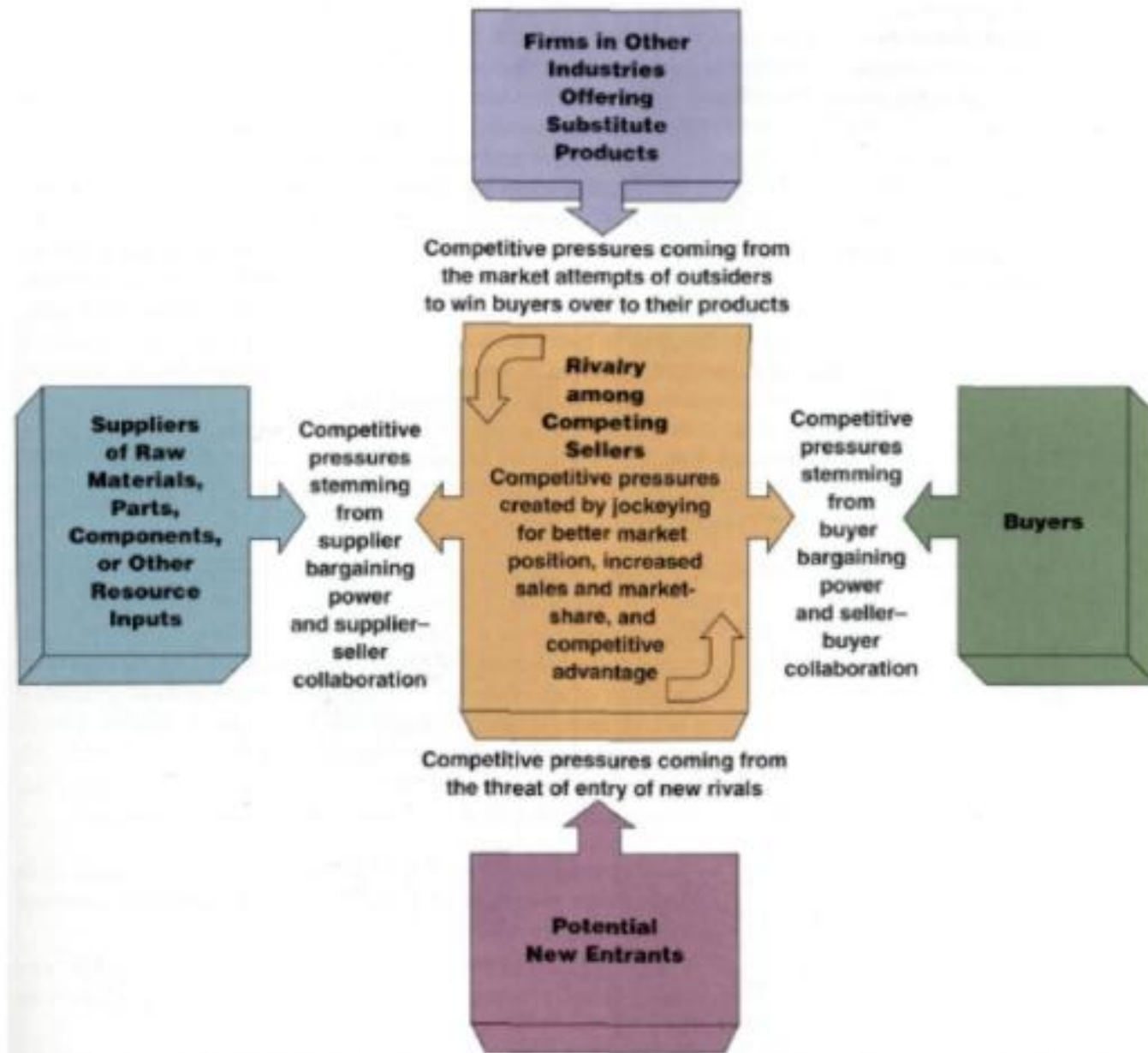
**ethics go beyond legality: to meet the standard of being ethical, a strategy must entail actions that can pass moral scrutiny in the sense of not being shady, unconscionable, or injurious to others or unnecessarily harmful to the environment**

Just keeping a company's strategic actions within the bounds of what is legal does not mean the strategy is ethical.

- **Ethical and moral standards are not governed by what is legal**
- **Ethical behavior includes, but is not limited to corporate responsibility – in regards to community, environment**
- **In many countries consumers care about companies ethics (but not the companies, unless it hurts them)**







# **BUSINESS MODEL**

**a company's business model explains the rationale for why its business approach and strategy will be a moneymaker; absent the ability to deliver good profitability, the strategy is not feasible and the survival of the business is in doubt**



# **Main Business Models**

- **Manufacturer**
- **Distributor**
- **Retailer**
- **Franchise**

Key Partners



(Key Partners)

Key Activities



(Key Activities)

Value Propositions



(Value Propositions)

Customer Relationships



(Customer Relationships)

Customer Segments



(Customer Segments)

Key Resources



(Key Resources)

Channels



(Channels)

Cost Structure

(Cost Structure)



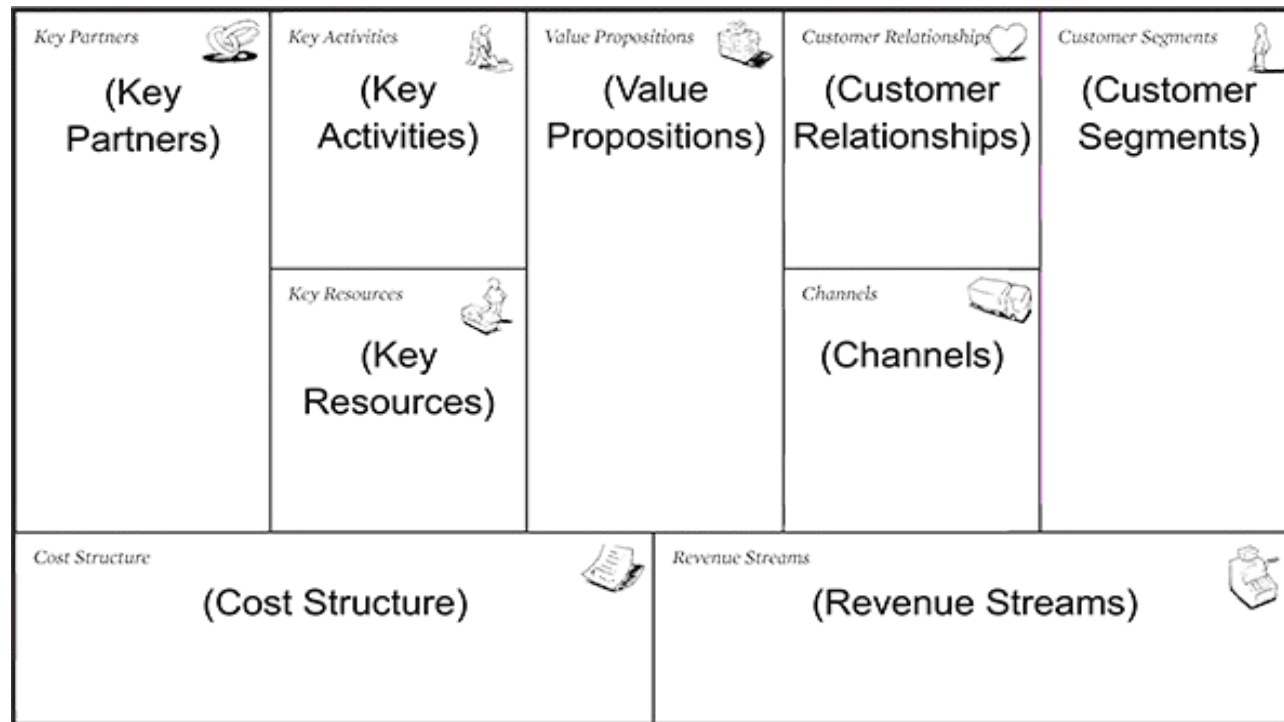
Revenue Streams

(Revenue Streams)





**Nestlé**



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- **Customer Segments:** Who are the customers? What do they think? See? Feel? Do?
- **Value Propositions:** What's compelling about the proposition? Why do customers buy, use?
- **Channels:** How are these propositions promoted, sold and delivered? Why? Is it working?
- **Customer Relationships:** How do you interact with the customer through their 'journey'?
- **Revenue Streams:** How does the business earn revenue from the value propositions?
- **Key Activities:** What uniquely strategic things does the business do to deliver its proposition?
- **Key Resources:** What unique strategic assets must the business have to compete?
- **Key Partnerships:** What can the company not do so it can focus on its Key Activities?
- **Cost Structure:** What are the business' major cost drivers? How are they linked to revenue?

**A winning strategy must fit the enterprise's external and internal situation, build sustainable competitive advantage, and improve company performance**

**Good Strategy + Good Strategy Execution  
= Good Management**

**Homework: p. 106 q. 2, p. 107 q. 4, 5, 7, case  
p. 557 - Strategic Management  
(Dess, Lumpkin, Eisner)**

**Bonus homework: p. 72, Ethic Questions 1, 2  
- Strategic Management  
(Dess, Lumpkin, Eisner)**