

The Purpose of Your Business Strategy

How can your firm profit in the emerging Single Market? What issues should you consider in determining your firm's ability to trade or invest in the EC? While the potential rewards are great, entering a foreign market is a complex undertaking. To ensure your firm's ability to compete in Europe 1992, you should develop a comprehensive business strategy.

The competitiveness of your products or services will depend on such issues as technology, competitor intensity, cost, quality, and the ability to develop appropriate market niches. You will want to consider investments in marketing, innovation, and production capacity. The issues of diversification and integration are also important. In short, you will want to know what new opportunities and forms of competition exist within the industry sector you are entering.

Your company will be faced with such items as exchange rates, taxation, distribution and sales networks, and your operations are going to become more complex. While your business strategy should focus on the growth of your company, it should also take into account your company's ability to meet these new challenges.

Essentially, your strategy should cover your business objectives, an appraisal of your strengths and weaknesses, the EC market situation, strategies to achieve your objectives, and your company's organizational needs.

Critical to your plan will be a realistic estimate of costs and methods of meeting those costs. European standards of living and overheads are generally

about the same as Canada's or somewhat higher. As in Canada, they vary from region to region: for instance, costs are higher in West Germany and England, and lower in some regions of Spain and Italy. A detailed, comprehensive budget, based on accurate information on regional costs, will help you avoid financial problems down the road.

In the pages that follow, you will be asked to review your current business position and assess your capacity to compete in Europe 1992. As you read through the questions and formulate answers you will be pulling together the information you need to target opportunities and develop a successful plan of action.

The coloured pages are your working pages. They outline the issues you will need to address to be competitive in the EC. They list what to consider in order to assess the strengths and weaknesses of your firm in relation to the challenges and opportunities of Europe 1992.

The purpose of the outline in this chapter is to help you to focus on the issues that are particularly relevant to your firm and to organize your thoughts. It will give you a sense of the scope and content of the factors you will have to address as you develop your strategy.

Chapter IV will help you to answer the questions raised in Chapter III. It provides a discussion of the issues involved in developing your business strategy; guiding you and providing you with the EC information you will require. The issues raised are generally in the same order in both chapters, making it easy for you to find the necessary information.