



## Repositioning the Non-incremental Changes and Business Strategic

### Windows Correlates

Hart O. Awa, M.Sc; MBA (Corresponding author)

Department of Marketing, University of Port Harcourt

P. M. B. 5323, Port Harcourt, Nigeria

Tel: 80-3546-5050 E-mail: Sundayeze2001@yahoo.com

Sylva E. Kalu, DBA

Department of Marketing, University of Port Harcourt

P. M. B. 5323, Port Harcourt, Nigeria

Tel: 80-3336-5787

#### Abstract

Modern firms assume strategic both in thinking and in action to the extent that they manage change to their own advantage. The market evolutionary trends, especially non-incremental ones that relate to new primary demand, new technology, channel changes, market redefinition and new government policies dealt with in this article often question the adaptability of incumbent firms, transform the mode of competition, and usher in new entrants, who may wish to take advantage of the incumbents' leapfrogs. This article suggests that investment decisions be timed to reflect the moment when the match between a firm's capabilities and the key market requirements is at optimum or when the strategic window is open. Market withdrawals are often contemplated when the market no longer proves profitable for a firm or when the window is shut behind a firm. Strategic market planners follow the trends of market evolution and proactively assess their firm's capabilities for the purpose of making timely decisions on either, and when, to throw in the towel or to beef up the organization to adapt to such changes.

**Keywords:** Strategic windows, Non-incremental changes, Strategic thinking, Market redefinition

#### 1. Introduction

Almost every modern decision-maker vastly turns strategic and entrepreneurial perhaps because environmental swings rarely allow any opportunities or threats to last forever. Environmental changes often suggest that resource requirements (be it financial, marketing, human, engineering, or whatever) radically change with market evolution. Firm's internal factors as well as its immediate and remote external factors must be anticipated, monitored, assessed, and incorporated into its decision-making process (Thompson and Strickland, 1987; Urieto, 1999; Pearce and Robinson, 2000). Often non-incremental changes relating to new primary demand, new technology, market redefinition, new government policies, etc; question the adaptability of incumbent firms and usher in new cast of competitors, who perhaps use technologies and expertise developed elsewhere to compete favourably. Thus, certain firms are assumed better fitted to compete in certain environmental waves than in others. For these, strategic thinkers believe that firms must manage change to their own advantage though in some cases firm's resources and key market competencies cannot easily be adjusted. Managing change involves anticipation of, and responding to, environmental trends (Abell, 1978) and deployment of decisions and actions that result in the design and activation of strategies to simultaneously achieve corporate, business and functional objectives of an organization (Pearce and Robinson, 2000).

Strategic windows explain the optimum fit and limited time frame between the product-market requirements and the firm's capabilities to compete favourably in an industry. Investments are often timed to coincide with such periods since the logic is that the window is deemed open when such relationship exists. When changes in market requirements outstrip a firm's capabilities to adapt, operational improvement, withdrawal or divestiture will be contemplated because the strategic window is deemed shut behind the firm. Offensive moves (or using strengths to head-off threats) by a firm may close the strategic windows of its rivals, especially if the rivals do not have strong competitive strengths. Awa (2003) opines that predatory and cut-throat pricing, low unit cost, product distinctiveness, high experience curve, distinctive technology, sustainable competitive advantage(s), etc, can easily close the strategic windows behind weaker firms that do not place premiums on environmental analysis and diagnosis.

This paper explores on how such non-incremental changes that relate to new primary demand, new technology, market

redefinition, channel changes, and new government policies can disqualify the competencies of incumbent firms in an industry, change the mode of competition, and in fact usher in new set of competitors. It further x-rayed how such incumbents and new entrants can react to such change(s) in order to remain strategic and competitively balanced.

## 2. Changes in Marketplace

Change is the only permanent thing on the planet earth. Whether rapid, complex or fundamental, change is a fact of business life (Walton and Gupta, 1995; Koch, 2001). Managers are constrained to keep improving market share, growing corporate profit, and gaining competitive advantage (Chou et al, 2004) amidst many operations-based models for change, including Business Process Re-engineering (BPR), Just in Time (JIT), Just in Case (JIC), B2B, B2C, Web 2.0, Enterprise 2.0, and Total Quality Management (TQM). Irrespective of the philosophy of change used, IT is assumed an agent of change (Walton and Gupta, 1995), especially now we are in a global world. Stamer (2008) and Mancini (2009) opined that the rule of the game is fundamentally disrupted when new ideas and processes bring exponential changes. Though the disruptive effects of change

(especially those brought by Internet) question tried-and-tested business models, ways of working, organizational structures, and accepted truths, business strategists still resort to borrowing the ideas of military theorist, Carl Von Clausewitz; and Military Generals as Julius Caesar, Napoleon, Alexander the Great, and others in their efforts to anticipate, and respond to, environmental change.

Anticipation of change involves using organized framework to identify the sources and directions of the change in a systematic manner, and appropriate response indicates a clear understanding of the alternative courses of action (Bonne and Kurtz, 2004; Thompson and Strickland, 1987; Abell, 1978; Macmillian, 1982) because Osgood (1980) notes that most decisions are mutually exclusive; choice of one precludes the choice of the other perhaps because resources are limited. Awa (2003) reports that decision-makers subjectively evaluate various alternative courses of action and then choose option(s) that promises the highest pay-off provided it is feasible; satisfies all the constraints. Scarce resources and other factors may limit the chances of targeting all the options at a time. For instance, when a fair coin is tossed, the probability of head or tail occurring is mathematically known to be 0.5 (objective probability); indicating that on no accounts would a head and a tail appear at a time in a single toss (mutual exclusiveness).

Making subjective decisions to manage change involves the engagement of strategic market planning. Drucker (1973) explains strategic planning in terms of the continual process of making entrepreneurial (risk-taking) decisions systematically and with the greatest knowledge of their futurity; and measuring the result of these decisions against the expectations through organized systematic feedback. This definition portrays mutual exclusiveness, futuristic tendencies, and the application of the elements of management- planning, organizing, directing, co-ordinating and controlling. The strength of strategic planning as explained by Paul et al (1978) revolves around its simplicity and the apparent promise that organization's destinies can be better controlled and stabilized no matter what may happen in the external environment. Vancil and Lorange (1975) theorize that the acceptance of strategic planning is simple- using a time horizon of several years, top management reassesses its current strategy by looking for opportunities and threats in the environment, and by analyzing the company's resources to identify its strengths and weaknesses (SWOT). Strategic planning involves thinking ahead of time (Mintzberg, 1979) it minimizes surprises, maximizes ability to manage change effectively, and changes management approach from being reactive to proactive (Drucker, 1973).

When environmental changes are merely incremental, perhaps in response to boom and upsurge in demand, firms may successfully adapt themselves by modifying current marketing and/or other functional programmes. But more often changes are so complex and endemic that the competence of many firms to continue to compete effectively becomes doubtful. It is this later situation that the concept of strategic window applies. Abell (1978) notes that the philosophy of strategic windows posits that there exists only limited period during which fit between the key market requirements and the particular competence of firms competing in that industry/market is at optimum. Honesty Furniture Homes in Port Harcourt, for instance, invented snake design upholstery settee and found its investment to coincide with periods when the strategic window was open or when there was a match between the outfit's capability and the market requirements. Although the firm tried to hold the market by making its skeleton secret and by appealing to the affluent society via using expensive thick flowered fabrics, it quickly contemplated divesting when what seemed rosy in the past turns eroded; heavy competition that followed changed the market requirements and ultimately struck-off the outfit's capability to adapt.

Rutex Business Centre at Rumuokwuta junction, Port Harcourt divested into Superstores and Fast Foods when the mid 1990s stringent government regulations on commercial telephone almost made super profit impossible or closed the strategic windows behind it. The deregulation of the telecommunications, airlines, and some other industries previously dominated by the government of Nigeria seems to have changed the industry practice and mode of competition, and ultimately closed the strategic windows behind NITEL and Nigerian Airways while firms such as MTN, GLOBACOM, Virgin Nigeria, Chachangi, Sosoliso, etc, are flourishing. In all, environmental changes may place some firms in a better position to tap opportunities and may even introduce firms outside the industry, especially when such firms have

the capabilities to compete effectively. The disadvantaged firms contemplate on whether to quit into a new market now, later or never or to increase, maintain or even reduce expenditure on equipment and marketing support in the current business.

Allocation of investment of this nature requires an objective assessment of the future evolution of the relevant market and a careful appraisal of the firm's capability to successfully meet the key market. Enis et al (1977) observe that strategic window concept encourages dynamic decision, and forces planners to be as specific as possible about future evolutionary patterns of the market and the firm's capability to adapt to them. Unfortunately, the most celebrated growth-share matrix or product portfolio analysis of Boston Consulting Group (BCG), according to Day (1980), has failed to adequately integrate these issues to reflect future states of nature. Thus, many managers routinely classify their businesses as cows, dogs, stars or question marks based on static analysis of the position of the firm and its environment. In the most recent times, strategic conscious managers are generally turning to models that better analyze today's and tomorrow's states of nature. Such models include the General Electric (GE) Strategic Planning Grid, the 15 cell matrix of Hofer and Schendel, Bayesian analysis (its rudiments are quite old but its relevance to modern business is vastly increasing), etc.

The General Electric Multi-Factor, for instance, was reported by Kotler (1984) to show that each business is rated against two major variables- industry attractiveness and firm's business strength, and that each has sub-variables ranked subjectively to reflect today's and tomorrow's events in the environment. Such dynamic analysis unveils non-incremental happenings or changes in the market that may disqualify market leaders, provide opportunities for current low-share competitors, and sometimes even attract entirely new cast of competitors into the marketplace. For instance, the advent of Tokumbo cars in Nigeria disqualified many then dealers, especially those on hire purchase sales, and introduced new contenders as the market evolved because changing market requirements resulted in closing strategic window for incumbents and opening strategic window for new entrants.

### 3. Evolution of States of Nature in the Marketplace

Depending on the individual product life cycle, the evolution of states of nature has far- more reaching changes and chances of opening or closing strategic windows than the relatively systematic changes in customer behavior and marketing mix. Abell (1978) suggests four major categories of non-incremental changes in the market place. A fifth one is added here.

- The development of new primary demand opportunities whose marketing requirements are completely at variance with those of existing market segments
- The advent of new competing technologies, which may cannibalize the existing ones
- Market redefinition caused by changes in the product-market strategies of competing firms
- Changes in channel structure
- Government policies

#### 3.1 New Primary Demand

The dynamics of states of nature make it imperative for consumer expectations from existing businesses to change overtime, thereby opening or closing strategic windows in the relevant firms/industries. Glueck (1976) records that firms interested in market penetration often expands sales by increasing primary demand and by encouraging new uses for current products in current areas; with the same customers, pricing and products; and with the same organizational arrangement. Unfortunately, such firms face identity crisis and lots of problem of adjustment (Drucker, 1974) and may be committing suicide today or tomorrow (Glueck, 1976). In a typical primary demand growth phase, the incumbent chooses either to spend substantially to protect and fortify market positions already built, or to seek out new development opportunities, which may guarantee low-cost, focus, and/or differentiation and then tap from them. The first option is very much plausible when the business has sustainable competitive advantage (SCA), which it does not want to loose to, or share, with others. Coyne (1986) maintains that SCA exists when:

- Customers perceive a consistence difference in important attributes between the producer's products and those of his competitors.
- The difference is the direct consequence of a strategic gap between the producer and his competitors.
- Both the difference in important attributes and the capability gap can be expected to endure overtime in the strategic triangle or marketplace where producers meet with customers and competitors.

Abell (1978) indicates that in some cases, it is the prime-mover or the original entrant who makes the first moves to respond to the challenges in the marketplace; adjusting his business approach to suit emergent needs of the market. In other cases, it is new-comer who bids to take advantage of the new growth opportunity, most probably, by borrowing the expertise developed elsewhere to see a strategic window and leapfrogs of the original market leader(s). Implicit

from this is that prime-movers who narrowly focus their business activities in the early stages of growth may not only open grounds for opponents but may also have the most difficulty in making the transition to new primary demand growth opportunities later.

The legendary records of how Harley-Davidson Motorcycle of United States of America (USA) built their success stories through a fiercely loyal customer base signify that in most cases the biggest challenge for firms is not generating demand or attracting huge customers, but meeting needs. Harley-Davidson modeled on Japan's Keiretsu- huge vertically integrated companies that foster deep, trusting relationships with suppliers- to form strategic alliances with top-performing vendors. The firm soon learnt that integrating suppliers into the design process leads to innovative design efficiencies that reflect on cost effectiveness and other competitive advantages that would ordinarily not be envisaged if this kind of integration were absent. United Bank for Africa (UBA), Guaranty Trust Bank (GTB), Zennith Bank, and other banks in Nigeria initially made much of their earnings from checking accounts and loan facilities. As the industry developed smartly to new dimensions in barely a decade and half ago, many new activities that were out-rightly outside the sphere of banking followed suit. For instance, the banks launched different financial products and aggressively market them with one incentive or the other. Although operated differently, some of such products, among others, include Premium Save Accounts, Western Union Money Transfer, and Vigo. Premium Save Accounts, for instance, introduced on match 14, 2001 by UBA operates on the premise that customers who maintain a minimum daily balance of N150,000 and N250,000 in a quarter would have the chances of being selected to receive cash awards of N250,000 and N1,000,000 respectively. Okonji (2001) reports that the method of selection is through a faultless computer based random number generation process from the entire bank's branches. Also, the Internet system has changed banking pattern and mode of service to reflect customer expectations and aspirations. In Adkins' (1979) words, by abandoning some of their traditional services and diversifying into businesses with greater profit potentials, banks are showing less dependence on checking accounts and loan facilities and have increased their assets by more than 17%.

In a bid to respond to these challenges, banks are constantly improving their strategic thinking by realizing that their assets include not just money but also the expertise of their salespeople and other personnel. Also in the satellite dish and telecommunications industries, players (My TV Africa, DSTv, Metro-Digital, Daarsat, among others) have used various incentive packages to change industry practice to their own advantage in an effort to stimulate trial, loyal, switching, and viral behaviours amidst stiff competition. These culminated into a radical change in the organizational structure and the engagement of more qualified marketing personnel in order to really appreciate response to environmental changes.

### 3.2 Technological Break-through

The concept of technology is viewed in terms of the extent of task interdependence, degree of equipment automation, uniformity or complexity of materials used, and the degree of routineness of the task (Szilgyi and Wallace, 1980). This definition indicates that technology goes beyond mechanical objects. Simon (1973) observes that technology is knowledge of how to do things, how to accomplish human goals. Technology is often described as a force for creative destruction (Kotler, 1994) because each breakthrough brings about the life of the other(s) to an untimely end (Awa, 2003) and affects operations, structures, objectives, strategies and virtually every facet of corporate existence (Nnedu, 1996). Today, we are in the world of web technology; specifically knowledge management. Its opportunities include costs reduction and improved operational efficiencies via total cycle time and lead-time compression, communication, inventory holding (JIT), network relationship and search activities (Bakos, 1991; Fernie, 1995; Cottrill, 1997; Chan and Swatman, 2000; Davenport and Brooks, 2004); improved customer service and consistency through transparency, value-added information and new levels of innovation from network externalities and knowledge sharing (Raisch, 2001; de Burca et al, 2005). Such major changes in most industries again raise the question of adaptability of existing firms using the obsolete technology (Lemos and Porto, 1998; Lee and Brookes, 1991) of resistance to information sharing on accounts of using it to build unique competitive edge (Agrawal and Pak, 2001). Changes in the operation of machines that build low-cost advantage or vividly differentiate a product version from others might question the adaptability of conservative firms. The interest of this article is on those technological innovations and diffusion that may create new industries and/or transform existing ones. Cooper et al (1974) conduct an empirical survey of five industries in which a new technology challenged older, established ones. The industries and the new innovations were as follow.

- 1- The steam locomotive industry and diesel electric locomotive.
- 2- The vacuum tube industry and the transistor
- 3- The fountain pen industry and ball point pen
- 4- The producers of boiler for fossil fuel power plants and nuclear power plants.
- 5- The safety razor and the electric razor.

Cooper and his associates found that in many instances, established competitors in an industry stand to be challenged, not by another in that same industry, but by a company, which bases its approach on technology developed outside that

industry. In other words, the nature of technological innovation and diffusion is such that most major innovations originate outside an industry and not within it. Abell (1978) gives three possible explanations to that.

1. Backward or forward integration of firms to own up raw materials supply lines or to develop application for a new component or raw material. Sturdivant (1973) notes that General Motors created companies that make components (such as bodies, spark, plugs, radiators, radios, steering, wheels and transmissions), owned a consumer finance company, and even an engineering school to ensure a steady flow of component of personnel into the organization. These exercises empowered General Motors and enabled it to challenge established competitors in those industries it serves as a new entrant.
2. The application of technology developed in one market to opportunities in another. Dangote Group, for instance, uses technology and expertise developed in food items to venture into cement and since then has transformed the nature of competition in that industry.
3. Break-through in product or process technology may remove traditional barriers to entry in an industry and often attracts a completely new set of competitors. For instance, the glamour for miracles in the forms of financial break-through, breaking of causes or barrenness, healing, etc, have broken the traditional barriers in the church. These developments unleashed the proliferation of churches and broke the traditional monopolies that were hitherto enjoyed by orthodox churches.

Each case of technological innovation and diffusion changes the nature of the market and ushers in an entirely new class of competitors. This is plausible because many existing firms in most markets have a limited capability to understand and master all the technological break-through that might ultimately cannibalize their business. Further, in many cases, technological innovation may also change the nature of the industry's competition dramatically. For instance, the invasion of Indonesia into upholstery fabrics ushered in a number of small, low-overheads and independent organizations that pursue market penetration. Prior to this moment, large manufacturers dominated the market and their approach was largely market skimming strategy. But then the truth remains that the two differ in terms of quality.

The strategic windows concept does not prevent adaptation to change when it is necessary; rather it suggests that certain enterprises may be more suitable to compete in certain technological developments than in others. Abell (1978) notes that often the cost and the difficulty of acquiring the new technology as well as the huge capital commitment to the old serve as formidable barriers to adaptation. IT, for instance, provides all manner of firms great opportunity to build competitive edge. SMEs are to exploit such opportunities more than large organizations because of their limited resources, and operational flexibility leading to faster decisions. All things being equal, IT provides SMEs with opportunities that are largely unexploited (Ramdani et al, 2009) and plausible ways to strengthen competitive capabilities against their larger counterparts (Gengatharen and Standing, 2005; Urwin, 2000; Raymond, 2001; Thong, 1999). But the lack of experience and other resources on the part of SMEs (Chuang et al, 2009; Shiao et al 2009); size, organization form and methods (Federici, 2009); and little awareness of the benefits of some IT infrastructures (Esteves, 2009) demarcate them from large corporations, especially in terms of information-seeking practices (Buonanno et al, 2005; Lang and Calantone, 1997; Ramdani et al, 2009). Perhaps, these explain the accusation against SMEs for responding to environmental changes with short-term planning (Welsh and White, 1981) and ill-fated plans (Awa, 2003), which undoubtedly raises costs and the trauma of risk of failure of IT adoption (Chuang et al, 2009), especially in a global village.

### 3.3 Market Redefinition

Defining the market a business intends serving is a very difficult but an indispensable task in the strategic market planning process. It relates to definitive statement about the organization's philosophy, character, identity and direction drawn, according to Kotler (1984), from its (organization's) history, current preferences, customer needs, environmental considerations, available resources, and distinctive competence. A serious attempt to know what our business is must start with the consumer, his realities, his situations, his behaviours, his expectations, and his values. Thompson and Strickland (1987) demonstrate it in terms of the customer needs, products to satisfy those needs and the technology to manufacture the need satisfying items. Perhaps this explains why consumer behaviour scientists exploit the ideals of individual difference factors (e.g. motivation, attitude, personality, psychographics, perception, etc), situational factors, and other variables needed to understand, explain, and predict consumption related behaviours.

However, consumer needs and wants change overtime and therefore calls for constant review of market definition and orientation. Strategic thinkers believe that market definition should be appropriately cast to enable full and timely exploitation of unforeseen opportunities and to avoid a firm being guilty of jack of all trade and master of none. Strategic thinkers believe that market redefinition is plausible in response to market changes, which may increasingly shut the strategic windows behind some competitors while opening the windows for others. In advanced economies, for instance, the manufacturers of typewriters and Automatic Teller Machines (ATMs) found their business booming in the few decades ago because there was a match between the key market requirements and the firm's capabilities. But these

firms began losing business to computer firms because the later stretched its strength to offer banks a complete system, which, though the ATM and typewriting were only components, handles electronic funds transfer needs of banks' customers. Thus the computer firms were able to redefine their market in such a way that forced the strategic windows to shut behind, or disqualify, the manufacturers of ATMs and typewriters. Further, banks currently redefine their market to reflect innovations particularly in the fields of financial products, electronic and Internet banking, collaborative relationship and collection of fees and dues on behalf of clients. The innovations have genuinely transformed the nature and scope of banking by stretching operative muscles to areas that seem ordinarily outside the scope of banking; by inculcating corporate vision and philosophy that portray commitments to market-driven as opposed to banker-driven; and by developing an environment within which innovation can flourish.

### *3.4 Changes in Channels of Distribution*

Changes in the channels of distribution- be it in consumer or industrial goods markets- may create opportunities for new entrants and question the adaptability of incumbent firms. Such changes, according to Abell (1978), in part reflect product life cycle phenomena- the shift as the market matures to a more intensive distribution, increasing convenience, and often lower levels of channel services. Also, changes often take place as a result of new institutional development in the channels themselves. For instance, in an attempts to develop competitive advantage for its food items, Dangote Groups uses trained and smart looking salespeople, in addition to wholesale and retail outlets, to call on accounts and prospects at homes, offices, and market squares. It also sells online to certain class of consumers. Dangote is seemingly successful because it has skills and competencies needed in marketing low priced, frequently purchased package goods, along with its broad distribution channel resources and huge promotion support. Also, the evolution of market for cassette due to increased penetration and new uses in automobile, study, business, letter writing and home entertainment broadened its distribution networks to a multiple one involving drug chains, variety stores, and large discount stores. Multiple channel decisions equally apply to ethical drugs for being sold via physicians, drugstores, hospitals, clinics, veterinarians, etc; and to proprietary drugs as the ultimate consumers are reached through food stores, discount houses, drugstores, department stores, etc. But Gillette shunned market entry because the incumbent strategic window did not offer possibilities of making favourable pay-off. Thus, firms do not just jump into opportunities simply because strategic windows are open, they equally assess the profitability potentials of such opportunities since we indicated earlier that certain firms are better suited to operate in certain opportunities than in others.

### *3.5 Government Policies*

Government and its institutions/agencies-Central Bank Nigeria (CBN), National Agency for Food and Drug Administration Commission (NAFDAC), Standard Organization of Nigeria (SON), National Drugs Law Enforcement Agency (NDLEA), Environmental Protection Agencies, Nigeria Deposit Insurance Corporation (NDIC) and others-through their policies may shut strategic windows behind incumbent firms in an industry and/or open it for new entrants. For instance, the wave of distress in the banking industry in the 1980s forced the Federal Government of Nigeria to promulgate decree on Nigeria Deposit Insurance Corporation (NDIC) in 1988. The guidelines stipulated by NDIC changed the nature of competition, questioned the adaptability of incumbent banks, and ushered in new competitors into the industry. Also, the recent Central Bank of Nigeria's (CBN) directive that banks must beef up their capitalization to N25 billion on or before January 2006 has forced weaker banks to sign Memorandum of Understanding (MOU) or consolidation agreement, thereby reducing the number of banks drastically from 89 to 25. This policy is expected to shut the strategic windows behind some banks, to change the mode of competition among surviving ones, to attract offshore merger, and perhaps to introduce new banks with stronger capabilities to compete.

Governments owe it a duty to improve upon governance by spurring economic development and growth (Jutla et al, 2002) in this digital age, especially via encouraging SMEs not just for their limited resources but also for their strategic position in economic building. SMEs are drivers of diversified socio-economic infrastructures in the forms of employment creations and innovation (Stanyon, 2004; Machacha, 2002; Southwood, 2004; Mutula and Brakel, 2006). The proliferation and hyper-growth of Internet and Internet technologies as creating global and cost-effective platforms for business to communicate and conduct commerce is gradually closing strategic windows behind less strategic firms. With government encouragements SMEs can build and/or strengthen competitive capability against their larger counterparts. For instance, Botswana, Japan, China, Taiwan, among others, promulgate measures to encourage (often in financial terms) SMEs and thereby opening strategic windows for them.

## **4. Response to Market Changes**

Managing environmental changes to take advantage of them is an uphill task involving strategic market planning-anticipation of, and response to, change. Anticipation leads to spotting out the sources and directions of the change(s), and response involves the decision-maker having a clear knowledge of the alternative courses of action. Remember the article dealt with changes that increasingly question the adaptability of incumbent firms (non-incremental) and as such strategies to deal with them tend to differ from those used on firm-to-firm welfare (incremental). Offensive and defensive moves are popular strategies but, to some extent, they show stronger inclination

to firm-to-firm warfare and may not strongly apply here. Any strategy chosen will be effective to the extent that the strategists engage in objective forecasting that foretells its impact on the success of the organization in order to know whether action will be immediate or postponed. Response to environmental changes is very useful to both incumbent firms and new entrants.

#### *4.1 Incumbent Businesses*

The following strategic options will be contemplated when changes in the marketplace potentially disqualify a firm from continued successful participation.

- Attempts may be made to quickly assemble the resources needed to close the gap between the new critical marketing/operational requirements and the firm's competencies. For instance, if environmental diagnosis unravels the direction of the closure of the window to be the use of obsolete technology, which makes unit cost and selling price high relative to those of the competitor(s), then effort should be made to beef-up with technological advances. Many business centres that have their technology limited to typewriters, cyclostyling machines, and other orthodox equipment can improve their earning by having the latest models of computer and other equipment, including Internet. Money may be a problem but the recent less stringent loan packages of banks offer opportunities.
- The firm may by-pass its efforts to selected market segments, where the fit between resources and market requirements is still acceptable. Guinness Breweries Plc; for instance, at a time concentrated its market efforts for Harp lager beer in the Western Nigeria since it seemed its strategic window was almost shut in other geographical regions of Nigeria. Harper later regained its national posture when it was reformulated to suit wider customer endorsement.
- The firm may shift to a low profile approach, cutting back severely in all further expenditure on promotion, distribution, Research and Development (R&D), etc; and deliberately milking the business for a short-run profit.
- The extreme case of making decision to throw in the towel, either through liquidation or outright sale to someone else who may want to turnaround the business. The Pabod Breweries of Port Harcourt was recently taken over by a South African brewer who is currently engaging in a turnaround process. Gradually it sales is picking up, especially in the host state and its environs.
- Acquiring patent right for feasible alternative technologies.
- Often when the changes result from government policies and publics, firms may easily respond to them and tactically cope through cooperation (imaginative approach) or they may ignore the threats and try to change them through public relations, lobbying, or advocacy advertising billed to explain the firm's viewpoints (Defensive approach).

#### *4.2 New Entrants*

Environmental analysis and diagnosis often help many new entrants to judge the direction, time and scale of their entry activities. There must be careful evaluation of opportunities and threats against one's strengths and weaknesses (SWOT) in order to assess one's capabilities. This involves audits of the entire key resources and key success factors (KSFs) in the firm as well as the various existing programmes of activities because new entrants are expected to come in when they have the capabilities to deal with the incumbents' leapfrogs.

Attention goes directly away from the narrow focus of familiar products and markets to a search for opportunities to put unique competencies to work. For instance, what informed Daewoo, one of the leading names in the electronics industry, to venture into oil and automobile industries was the bid to take advantages of the overall environment-technical and market forces-as well as knowledge of markets untapped by incumbent firms in the two industries. Thus, they used their unique competencies developed in their parent industry to target opportunities in other industries.

### **5. Conclusion**

Fundamental changes in an environment open or close strategic windows for incumbent firms in that industry, transform the mode of competition, and often usher in new market entrants, who may want to use capabilities developed elsewhere to deal with leapfrogs of incumbents. The future and non-incremental evolution of market relating to new primary demand, new technology, market redefinition, new government policies, and channel changes dealt with in this article indicate that some firms have better competitive maneuverability in certain environmental changes than in others. Often strategic market planners make predictions about the sources and directions of future patterns of market evolution and assess the firm's capabilities to favourably respond to such changes as they occur. Such analysis assumes strategic undertone as it foretells any impending misfit between the key market requirements and the particular competencies of firms competing in that industry. For these, the use of product portfolio chart analysis should consider the dynamic, and not static, implications in designating a particular business.

Investment decisions are carefully timed to coincide with when the match between a firm and the market in at its optimum or when the strategic window is open, and withdrawals are contemplated when market changes disrupt the

firm's capability to compete or when the strategic window is closed. Thus, market entry and exit assume greater rapidity, as many firms are poised to deploy their scarce resources to market opportunities that promise greater pay-off. Firms are often slower to develop and change than is the market in which they compete and as such market is assumed a temporary vehicle or instrument for growth; an instrument or a vehicle that can be used and abandoned as circumstances demand. Also, products have limited life cycle and market has greater longevity and as such can provide for a business a steady and growing stream of pay-off if management shuns being myopic about change. Change must be predicted with fair precision to enable a firm to know its present and future capabilities to compete, so that decisions may be timely taken on whether to remain in the same market or to look for opportunities elsewhere. Remember that response in strategic market planning requires a framework that makes alternative courses of action known to the decision-maker.

## References

- Abell, D. (1978). Strategic Windows. *Journal of Marketing*, July, 21-25.
- Abell, D. (1980). *Defining the Business: The Starting Strategic Planning*. Englewood Cliffs: Prentice-Hall.
- Adam, N., Dogramaci, O., Gangopadhyay, A., & Yesha, Y. (1999). *Electronic Commerce: Technical, Business and Legal Issues*. Boston: Prentice Hall.
- Adkin, L. (1979). The Banks Fight Back. *Dun's Review*, March, 21-24.
- Agrawal, M., & Pak, M. (2001). Getting Smart about Supply Chain Management. *The McKinsey Quarterly*, 2, 22-27.
- Awa, H. (2003). *Modern Marketing Theory: An Integrated Approach to Managerial Decisions*. Owerri: Kolleey.
- Bakos, Y. (1991). A Strategic Analysis of Electronic Marketplace. *MIS Quarterly*, 15, 295-310.
- Boone, L., & Kurtz, D. (2004). *Contemporary Marketing* 11<sup>th</sup> ed., Ohio: South-Western.
- Buonanno, G., Faverio, P., Pigni, F., Ravarini, A., Sciuto, D., & Tagliavini, M. (2005). Factors affecting ERP Systems Adoption: A Comparative Analysis between SMEs and large companies. *Journal of Enterprise Information Management*, 18(4), 384-426.
- Chan, C., & Swatman, P. (2000). From EDI to Internet Commerce: The BHP Steel Experience. *Internet Research-Electronic Networking Applications & Policy*, 10(1), 72-82.
- Chou, D., Tan, X., & Yen, D. (2004). Web Technology and Supply Chain Management. *Information Management and Computer Security*, 12(4), 338-349.
- Chuang, T., Nakatani, K., & Zhou D. (2009). An Exploratory Study of the Extent of Information Technology Adoption in SMEs: An Application of Upper Echelon Theory. *Journal of Enterprise Information Management*, 22(1/2), 183-196.
- Cooper, A., Demuzzio, E., Hatten, K., Hicks, E., & Tock, D. (1974). *Strategic Response to technological threats*. Proceeding of the Business Policy and Planning Division of the Academy of Management, Boston.
- Cottrill, K. (1997). The Supply Chain of the Future. *Distribution*, 96(11), 52-54.
- Coyne, K. (1986). Sustainable Competitive Advantage: What it is, what it isn't. *Business Horizons*, Jan-Feb., 54-61.
- Davenport, T., & Brooks, J. (2004). Enterprise Systems and the Supply Chain. *Journal of Enterprise Information Management*, 17(1), 8-19.
- Day, G. (1981). Strategic Market Analysis and Definitions: An Integrated Approach. *Strategic Management Journal*, July-Sept; 101-106.
- de Burca, S., Fynes, B., & Marshall, D. (2005). Strategic Technology Adoption: Extending ERP across the Supply Chain. *Journal of Enterprise Information Management*, 18(4), 427-440.
- Drucker, P. (1973). *Management*. New York: Harper & Row.
- Drucker, P. (1974). *Management: Tasks and Responsibilities*. New York: Harper & Row.
- Enis, B., LaGarce, R., & Prell, A. (1977). Extending the Product Life Cycle. *Business Horizons*, June, 46.
- Esteves, J. (2009). A Benefits Realization Road-Map Framework for ERP Usage in Small and Medium-Sized Enterprises. *Journal of Enterprise Information Management*, 22(1/2), 25-35.
- Federici, T. (2009). Factors Influencing ERP Outcomes in SMEs: A Post-Introduction Assessment. *Journal of Enterprise Information Management*, 22(1/2), 81-98.
- Fernie, J. (1995). International Comparisons of Supply Chain Management in Grocery Retailing. *Service Industries Journal*, 15(4), 134-147.
- Gengatharen, D., & Standing, C. (2005). A Framework to assess the Factors Affecting Success or Failure of the

- Implementation of Government-Supported Regional E-Marketplaces for SMEs. *European Journal of Information Systems*, 14, 417-433.
- Glueck, W. (1976). *Business Policy: Strategy Formation & Management Action*. 2ed, New York: McGraw-Hill Book Co.
- Jutla, D., Bodorik, P., & Dhaliwal, J. (2002). *Government Support for the E-Readiness of Small and Medium Sized Enterprises*, 35<sup>th</sup> Annual Hawaii International Conference on Systems Sciences, Hawaii.
- Koch, C. (2001). ERP and ERP: Realizing a Vision of Process with IT. *Business Process Management Journal*, 7(3), 285-296.
- Kolter, P. (1984). *Marketing Management: Analysis, Planning and Control* 5<sup>th</sup> ed; Englewood Cliffs: Prentice-Hall.
- Lang, J., & Calantone, R. (1997). Small Firm Information Seeking as a Response to Environmental Threats and Opportunities. *Journal of Small Business Management*, 35(1), 11-23.
- Lee, D., & Brookes, C. (1991). An Innovative Corporate Intelligence System at the M. W. Kellogg Company, Houston.
- Lemos, A., & Porto, A. (1998). Technological Forecasting Techniques and Competitive Intelligence: Tools for Improving the Innovation Process. *Industrial Management & Data Systems*, 98(7), 330-337.
- Machacha, I. (2002). *Impact of Information Technology on Small and Medium Enterprises (SMEs) in Botswana*. Proceedings of Expanding the Horizon of African Business and Development: The International Academy of African Business and Development International Conference, Port Elizabeth, April 3-6, 277-282.
- Macmillian, I. (1982). Competitive Initiatives. *Journal of Business Strategy*, 2(4) Spring, 45-49.
- Mancini, J. (2009). The Evolution of Web 2.0. *Infonomics*, March-April, 8.
- Mintzberg, H. (1979). *The Structure of Organizations*. Englewood Cliffs: Prentice-Hall.
- Mutuala, S., & Brakel, P. (2006). E-readiness of SMEs in the ICT Sector in Botswana with respect to Information Access. *The Electronic Library*, 24(3), 402-427.
- Nnedu, E. (1996). *Business Policy and Strategic Management: Theory and Practice*. Port Harcourt: Paragraphics.
- Okonji, C. (2001). 30 UBA Customers Receive Premium Save Account Awards. *Hallmark National Newspaper*, August 8, 14.
- Osgood, W. (1980). *Basics of Successful Business Planning*. AMACOM.
- Paul, R., Donavan, N., & Taylor, J. (1978). The Reality Gap in Strategic Planning. *Harvard Business Review*, May-June, 124-129.
- Pearce, J., & Robinson, R. (2000). *Formulation, Implementation, and Control of Competitive Strategy*, 7<sup>th</sup> ed; Boston: Irwin McGraw-Hill.
- Raisch, W. (2001). *The E-Marketplace: Strategies for Success in B2B E-Commerce*. New York: McGraw-Hill.
- Ramdani, B., Kawalek, P., & Lorenzo, O. (2009). Knowledge Management and Enterprise Systems Adoption by SMEs: Predicting SMEs' Adoption of Enterprise Systems. *Journal of Enterprise Information Management*, 22(1/2), 10-24.
- Raymond, L. (2001). Determinants of Website Implementation in Small Businesses. *Internet Research: Electronic Networking Application and Policy*, 11(5), 411-424.
- Reynolds, P., William, D., Bygrave, E; Larry, W., & Hay, M. (2002). *Global Entrepreneurship Monitor 2002 Executive Report*, Ewing Marion Kauffman Foundation, Kansas City. [Online] Available: <http://www.emkf.org/pdf/GEM2002.pdf>.
- Shiau W., Hsu P., & Wang, J. (2009). Development of Measures to Assess the ERP Adoption of Small and Medium Enterprises *Journal of Enterprise Information Management*, 22(1/2), 99-118.
- Simon, H. (1973). *Technology and Environment*, *Management Sciences*, 19(10), 1110.
- Southwood, R. (2004). *The Impact of ICT on SMEs: A Motor for Future Economic Growth in Hard-Pressed Times*. Balancing Act News Update. [Online] Available: <http://www.balancingact-africa.com/news/cultural.html> (Accessed 10th May, 2007).
- Stamer, S. (2008). Enterprise 2.0: Learning by Doing. *The Art of Letting Go Enterprise 2.0*. Buhse, W. & Stamer, S. (eds.) New York: iUniverse, Inc.
- Stanyon, J. (2004). *Challenges of the future NRF Foundation (Resources & Education)* [Online] Available: [www.retail-revival.com](http://www.retail-revival.com) (Accessed 10th May, 2007).
- Sturdivant, F. (1977). *Business and Society: A Managerial Approach*. Homewood: Richard D. Irwin, Inc.

- Szilgyi, A., & Wallace, M. (1980). *Organizational Behaviour and Performance*, 2<sup>nd</sup> ed; Santa Monica, California: Goodyear Publishing Co, Inc.
- Thompson, A., & Strickland, A. (1987). *Strategic Management: Concepts and Cases* Business. Plano, Texas: Publications, Inc.
- Thong, J. (1999). An Integrated Model of Information Systems Adoption in Small Businesses. *Journal of Management Information Systems*, 15(4), 27-31.
- Urieto, J. (1999). *Business Policy: Concepts, Texts and Cases*, Port Harcourt: University of Port Harcourt Press.
- Urwin, S. (2000). *The Internet as an Information Solution for the Small and Medium Sized Business*, *Business Information Review*, [Online] Available at: <http://www.sagepub.com/cgi/content/abstract/17/3/130> (Accessed 10th May, 2007).
- Vancil, R., & Lorange, P. (1975). Strategy Planning in Diversified Companies. *Harvard Business Review*, 75-78.
- Walton, S., & Gupta, J. (1995). Electronic Data Interchange for Process Change in an Integrated Supply Chain. *International Journal of Operations and Production Management*, 19(4), 372-388.
- Welsh, J., & White, J. (1981). A Small Business is not a Little Big Business. *Harvard Business Review*, 59(4), 18-32.