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Levels of strategy - What are different strategy levels?

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[Strategy](#) may operate at different levels of an organization – corporate level, business level, and functional level. The strategy changes based on the levels of strategy.

Corporate Level Strategy

Corporate level strategy occupies the highest level of [strategic decision making](#) and covers actions dealing with the objective of the firm, acquisition and allocation of resources and coordination of strategies of various SBUs for optimal [performance](#).

Top management of the organization makes such decisions. The nature of strategic decisions tends to be value-oriented, conceptual and less concrete than decisions at the business or functional level.





Business-Level Strategy.

Business level strategy is – applicable in those organizations, which have different businesses-and each business is treated as [strategic business unit](#) ([SBU](#)). The fundamental concept in SBU is to identify the discrete independent [product](#) / market segments served by an organization.

Since each product/[market segment](#) has a distinct [environment](#), a SBU is created for each such segment. For example, [Reliance Industries Limited](#) operates in textile fabrics, yarns, fibers, and a variety of petrochemical [products](#). For each product group, the nature of market in terms of customers, competition, and [marketing channel](#) differs.

Therefore, it requires different strategies for its different [product groups](#). Thus, where SBU concept is applied, each SBU sets its own strategies to make the best use of its resources (its strategic advantages) given the environment it faces. At such a level, strategy is a comprehensive plan providing objectives for SBUs, allocation of resources among functional areas and coordination between them for making optimal contribution to the achievement of corporate-level objectives.

Such strategies operate within the overall strategies of the organization. The corporate strategy sets the long-term objectives of the firm and the broad constraints and policies within which a

SBU operates. The corporate level will help the SBU define its scope of [operations](#) and also limit or enhance the SBUs operations by the resources the corporate level assigns to it. There is a difference between corporate-level and business-level strategies.

For example, Andrews says that in an organization of any size or diversity, corporate strategy usually applies to the whole enterprise, while business strategy, less comprehensive, defines the choice of product or service and market of [individual](#) business within the firm. In other words, business strategy relates to the 'how' and corporate strategy to the 'what'. Corporate strategy defines the business in which a company will compete preferably in a way that focuses resources to convert distinctive competence into [competitive advantage](#).

Corporate strategy is not the sum total of business strategies of the corporation but it deals with different subject matter. While the corporation is concerned with and has impact on business strategy, the former is concerned with the shape and balancing of growth and renewal rather than in market execution.

Functional-Level Strategy.

Functional strategy, as is suggested by the title, relates to a single functional operation and the activities involved therein. Decisions at this level within the organization are often described as [tactical](#). Such decisions are guided and constrained by some overall strategic considerations.

Functional strategy deals with relatively restricted plan providing objectives for specific function, allocation of resources among different operations within that functional area and coordination

between them for optimal contribution to the achievement of the SBU and corporate-level objectives.

Below the functional-level strategy, there may be operations level strategies as each function may be divided into several sub functions. For example, [marketing strategy](#), a functional strategy, can be subdivided into promotion, sales, distribution, [pricing](#) strategies with each sub function strategy contributing to functional strategy.



About Hitesh Bhasin

I love writing about the latest in marketing & advertising. I am a serial entrepreneur & I created Marketing91 because i wanted my readers to stay ahead in this hectic business world. You can follow me on [Facebook](#). Let's stay in touch :)

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