The background is a complex grid of squares in various colors including white, light gray, dark gray, teal, orange, pink, and blue. Overlaid on this grid are organic, flowing patterns of dots and lines in matching colors, creating a sense of movement and growth.

# **STRATEGY GUIDE A LIFESPAN JUMP TO GROWTH**

At the right time - with the right products - to the right markets

**Esko Kalevi Juntunen**

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## **Strategy guide - A lifespan jump to growth**

At the right time - with the right products  
- to the right markets

Strategy guide - A lifespan jump to growth  
2022

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## Preface

Changes in Finland's population structure and opening of borders have taken place with the joining the EU and brought pressure for internationalization, competition and structural development of business companies. Countries have been forced to compete worldwide for good business companies. Development of market areas and their quick growth have set pressure on the companies and made them to think over their strategies anew. Now companies have to think in their management teams where to manufacture a product, where its market areas and owners are. When various interest groups are involved in these matters, such things as political decision making and government interests, a business company must take into account many points in its decision making. However, the Western countries are in their development at a stage where political control is already hanging on a very thin strand. Decision making is controlled and has to be controlled purely by business advantage, because otherwise it would find it difficult to become successful on global markets. The starting point is that the drain caused by company's external fixed factors have to be the same to everyone so that another company does not get competitive advantage.

It has been long known how products and business lifespans have been used as tools of management. Lifespan theory has also been studied in the different development stages of society culminating to considerable development differences of Western and developing countries, in particular Asian countries. The quick growth of Asian countries has challenged the free trade thinking of Western countries. They are at the first stage of their trajectory which we call the first stages of industrialization. This stage is a time of very quick growth and it can be seen in the so called old industrialized fields of Western countries. We must remember to wait and let Asian countries take time to develop and to raise their standards of living. This workbook helps to create a development process for a company via lifespan stages so that everybody would understand what kind of things and why they are done the way they are done.

This process is a demanding task and takes time but is worth it.  
Enjoy your work!  
Global Inno

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## 1. Introduction to the use of this workbook

Strategy is an army term. Strategy means a target-oriented direction and according to which the company or a society uses its resources to reach the goals that have been laid down in its business idea. Strategy is a red thread according to which an perceives its being and operations. A business operates to reach set goals and focuses its resources and operations that are needed to reach these goals. The fundamental question is how the matters are and how they should be.

There is a concept of five elements in the Chinese philosophy: metal, forest, water, fire and earth. They form a kind of a lifespan. The fire incinerates a forest, ash becomes earth from which metal can be found and metal melts in high temperatures to a fluid representing water. Water refreshes everything above earth.

A term of a customer connection lifespan has been used in the marketing of services, where consumer behaviour has been divided into childhood, youth, early working age, later working age and retirement. This kind of division has been seen having similarities between people's behaviour in the separate phases of life. Business lifespan operates cyclically. People have started to study their business operations against the concept of lifespan thinking.

Development stages of societies or national economies follow the same lines of a lifespan development. These lifespan stages can well be illustrated by the concepts of agricultural, industrial and post-industrial society. Studying strategies is of greater importance the more developed and mature the society is.

This workbook helps to study a lifespan of a business. Theory and environmental factors are studied to some extent and one's own business company is put to the right strategic development stage. In addition to this, strategy process is worked through and new focus for operations as well as a new direction of development for the next seven years are found. Seven years for Rachel as it is said in the Bible.

## **2. Strategy process of a company:**

What strategy is and why do we need it? Strategy is a plan with which specifies and clarifies the goal we are aiming at. It sets edge conditions with which the common goal or dream of the company can be reached. With the help of a strategy a company creates a vision, that is a dream, towards which it aims. Strategy contains simple, clear and concrete goals and matters, such as when we want to create a good and enjoyable service environment which attracts customers. To get there we will need concrete and measurable goals.

Strategy means no mysticism and vague fancy words of a fine and wonderful tomorrow. Strategy is needed to express and to create a common state of will. With the help of a strategy, resources are focused on the most important points to get results.

### ***Strategic business management during a period of change***

Future is planned by setting goals and by forming a strategy. It is a mixture of formal analyses, behaviour techniques and use of power. Management aims at bringing a company forward by, for instance, the following goals:

- \* The level of business communication will be improved in company's strategic decision making.
  - \* Management will need different kinds of working methods in bringing out the benefits of the changing times and an application of new methods that are needed in decision making.
  - \* Ability of management to handle personnel's opposition and political pressure, which reforms are confronted with, is improved.
  - \* Information is needed to increase an 's awareness of a change, understanding and psychological commitment and therefore training and information inside a company are necessary.
  - \* Management must deliver information in order to diffuse uncertainty.
- Training and information improve personnel's readiness in becoming successful in practical tasks.
- \* In order to improve the quality of strategic decisions, special kind of knowhow, commitment of decision-makers as well as ability to avoid too hasty decisions which could lead to a wrong direction are needed.

The importance of strategic management is emphasized in turbulent situations when a holistic view of situation is required. Strategic management pays attention to the size of a working unit as well as to the fact how well customer / product concepts, strong signals, controls and right decisions are reacted to. In turbulent situations keenest attention is paid to variable matters and also to weak signals which are signals for future changes. It is important to keep continuous control and make quick decisions and to maintain the freedom of movement. Courage and pressure tolerance are the prime characteristics of a manager.

### ***Networks strengthen strategy***

With the help of network examination one can clarify the direction of the development of operations and thus influence the development of the line of business environment. This way we can exert influence in the structural development, behaviour, operations models and methods of actors.

A concrete example of the advantages and influence can be seen in operations if the business will profit synergetically from cooperation with the others. Power is one element of network in which actors pay more attention to reciprocal competition than to cooperation. With the help of a network we try to get hold of the resources and to use them. This is the key to power and positions.

Looking for strategic cooperation partners can be made easier by giving answers to the following questions:

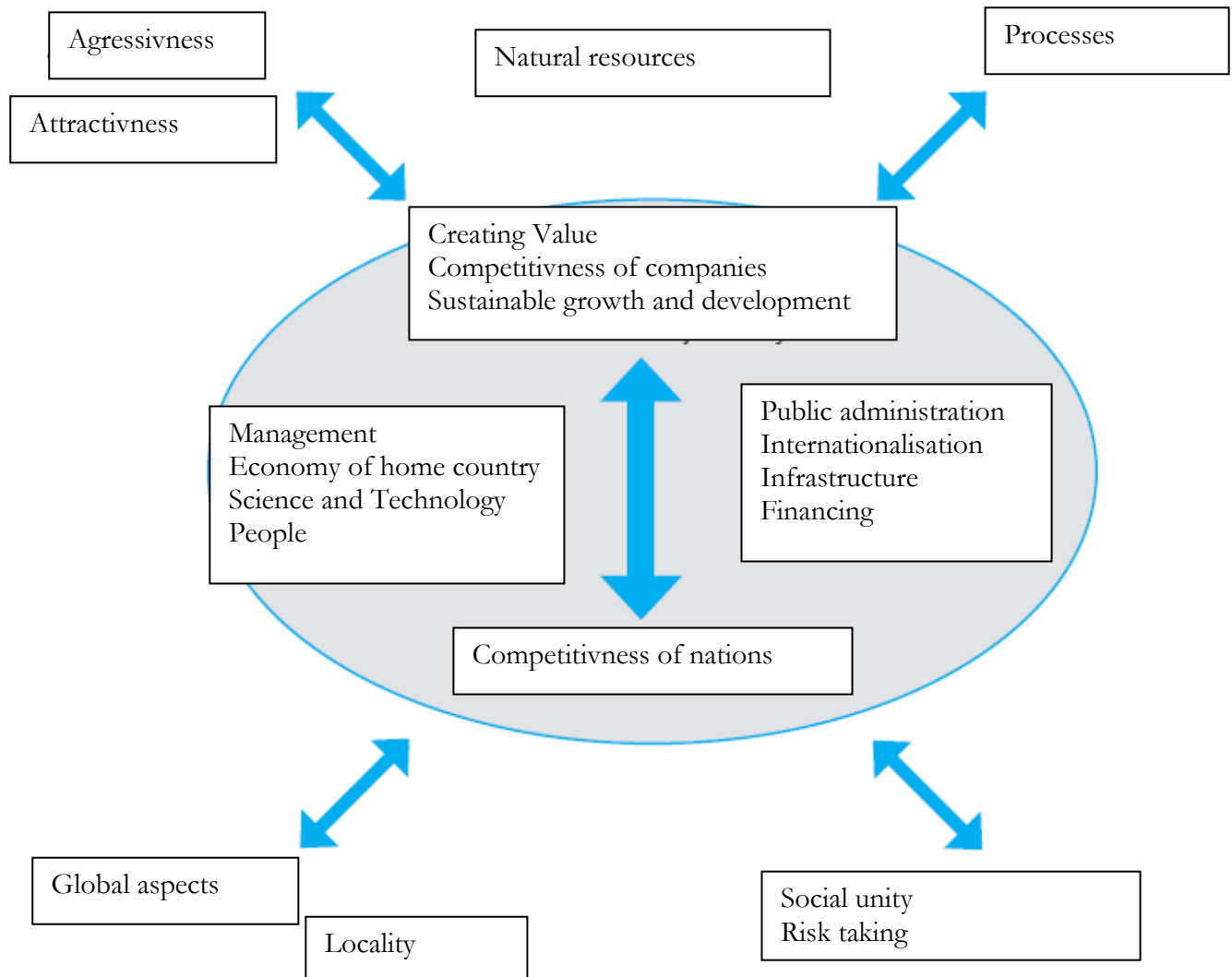
-Who can make use of our knowhow and who could be of help to us?



- Whose weaknesses can be improved by our own knowhow or whose strong points could patch our weaknesses?
- Whose threats can be turned into possibilities or who could help us to turn our threats into possibilities?
- Whose competitive advantage can we improve or who could help us to improve our competitive advantage?
- Whose costs can be reduced by our networking or who could help us to reduce our costs?
- Who could help us to improve our performance?
- Should a partner in cooperation leave an alliance for the sake of his own competitive advantage?

## 2.1. Analysis of the working environment of a company

Mapping and knowledge of one's own operation environment is of utmost importance so that we will recognize the most important factors that influence our operations. For vision making it is important to recognize also those factors that have slow effects lagging behind a few years. Such factors include factors from international economy and its structural development, political fluctuations structural factors in our own country, such as the age structure of the population and its various effects on consumption, customer behaviour, development of economy, factors depending on the location of the business as well as other possible local factors.

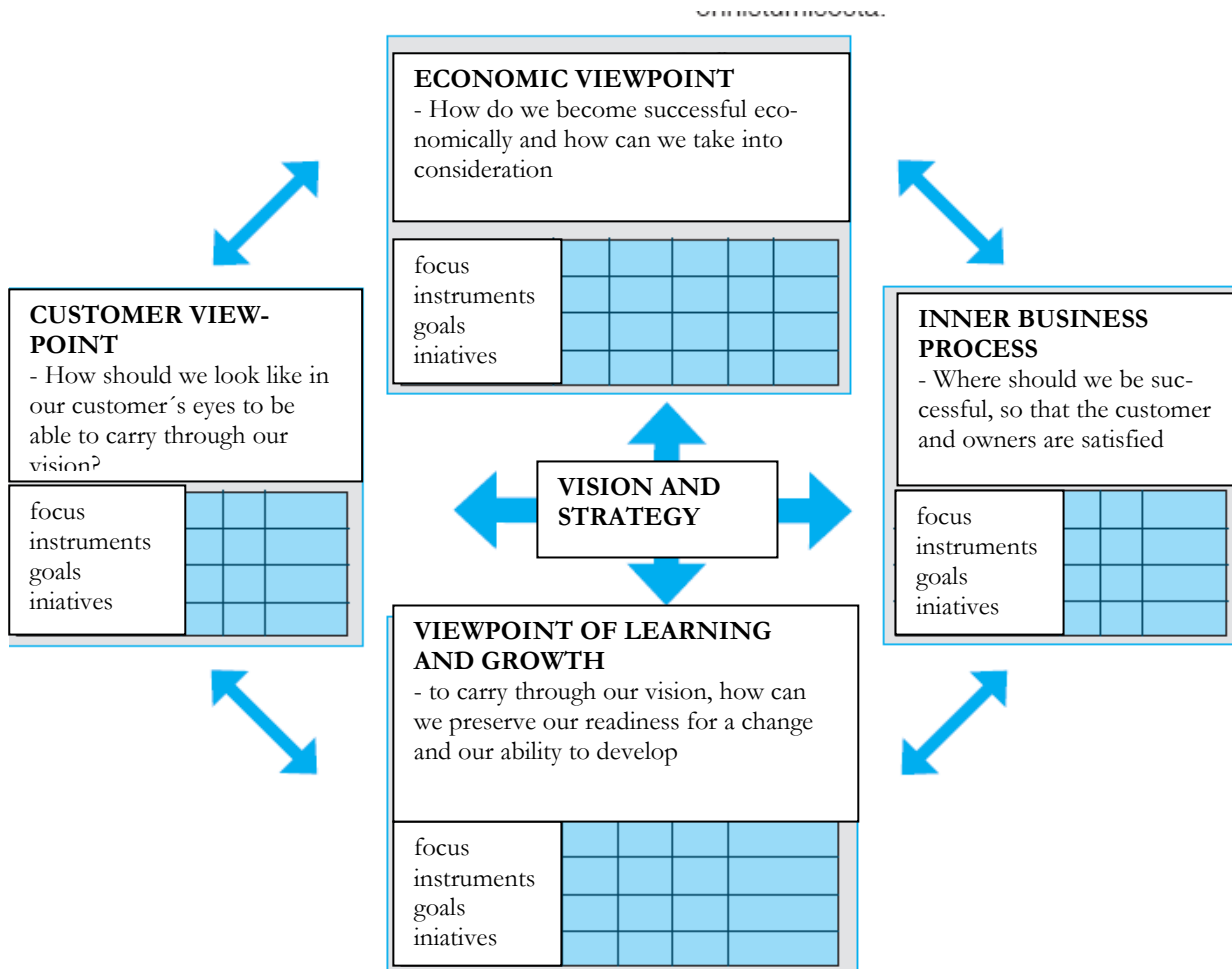


### ***Social infrastructure of competitiveness***

Competitiveness includes numerous factors. Infrastructure is the main pillar of Finland's attractiveness. Finland is ranked among world's top countries measured by education, position of women and quality of life. Competitiveness of businesses and nations are in a solid interdependence on each other. Growth of economy, welfare and employment establish preconditions for successful added value created by companies and when businesses thrive, it enables development of infrastructure.

### **Balanced Scorecard**

BSC – balanced scorecard is based on an earlier launched TQM, that is Total Quality Management system. It tries to find out the service quality the customer feels to have received and to make necessary improvements based on this feedback. Workers are helped to become stronger so that they can carry on their work and reciprocally produce more added value to both the customers and the employer. This method produces information of management based on measuring and will give feedback of its success.



SWOT - analysis charts the most important weaknesses, threats, strengths and possibilities.

Focus is in analyzing them and turning them into resources and finding the way to reach the goals.

A good SWOT analysis looks for the most important and essential factors for one's own business / unit. By resolving these we are closer to our goal. An analysis does not aim at resolving the spirit of cooperation in the company and its units but this can be sorted out with the help of work community development.

### ***Your business company:***

Ltd. \_\_\_\_\_ SWOT- analysis

List not more than 10 biggest weaknesses, threats, strengths and possibilities

**1. WEAKNESSES**

1.

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2.

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3.

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4.

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5.

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6.

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7.

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8.

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9.

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10.

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**2. THREATS**

1.

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2.

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3.

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4.

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5.

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6.

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7.

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8.

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9.

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10.

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**3. STRENGTHS**

1.

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2.

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3.

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4.

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5.

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- 6.
- 
- 7.
- 
- 8.
- 
- 9.
- 
- 10.
- 

#### ***4. POSSIBILITIES***

- 1.
- 
- 2.
- 
- 3.
- 
- 4.
- 
- 5.
- 
- 6.
- 
- 7.
- 
- 8.
- 
- 9.
- 
- 10.
- 

**Pick 3 most essential in each group:**

#### ***1. WEAKNESSES***

- 1.
- 
- 2.
- 
- 3.
- 

#### ***2. THREATS***

- 1.
- 
- 2.
- 
- 3.
- 

#### ***3. STRENGTHS***

1.

2.

3.

#### 4. POSSIBILITIES

1.

2.

3.

## 2.2 Defining a company's lifespan

### *Lifespan of national economy*

The age structure of Western countries has become aged population oriented. This affects the customers' consumer habits and service habits as well as their investment willingness and willingness for entrepreneurial activities. All the time new lifespans arise and develop in various fields. If a country manages to rise to a new lifespan, the old industrialized societies will move to a new development stage and rise to another level. They can make use of their knowhow in such a way that scale advantage is no longer the only factor increasing productivity. When several factors in a society can be seen to go to the same direction their total influence affects the development of the whole lifespan stage of national economy. The entrepreneur must be able to recognize the right stage of lifespan in order to be able to specify the right strategy on global, national economic, business and personal levels.

### The Life Cycle of the Society: The development stage of the country and situation in the development cycle

The stage of the society :Labourers Production factor-driven society	Warrior power Investment – driven society	Intellectual power Innovation driven society	Acquisitors' power Wealth-driven	Warriors /Acquisitors New Life Cycle / The end of old life cycle
The model of societies Clans, societies of the relatives	Dictators, soldiers, Tzar, king, communism, religion power	Democracy	Democracy is diminishing, management is splitting, national movements, terrorism, etc	Dictatorship, dictators, soldiers
States, Countries Many of the African states, Pakistan, Laos, Myanmar	Russia, China, India, Turkey, South and East Asian countries, South and Middle- America	East European countries  Australia, Canada, New Zealand	United States, Europe  Italy, Japan, Finland, Nordic countries	
Companies Small firms, workers, artisans, craftsmen	Marketing and producing co-operation, State monopolies, Oligarchies	The competition in the markets, marketing societies, Regional fusions,	The size of the firms are growing, few global actors, global fusions	Monopolies, oligarchies, State capitalism
Colonialism, labourers power is dispersed	Labour union power, marketing centered, workers and producers		Labour unions are dispersed by global firms, Back to the colonialism by companies → cheap work force is used in developing countries → returns will be returned to the western countries	

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Finland's lifespan is in a situation where consumer goods or investment goods consumption shows hardly any growth. The consumers do not necessarily, need the same products any longer which were necessary for them just some years ago. Researchers believe that there will always be new kinds of at-

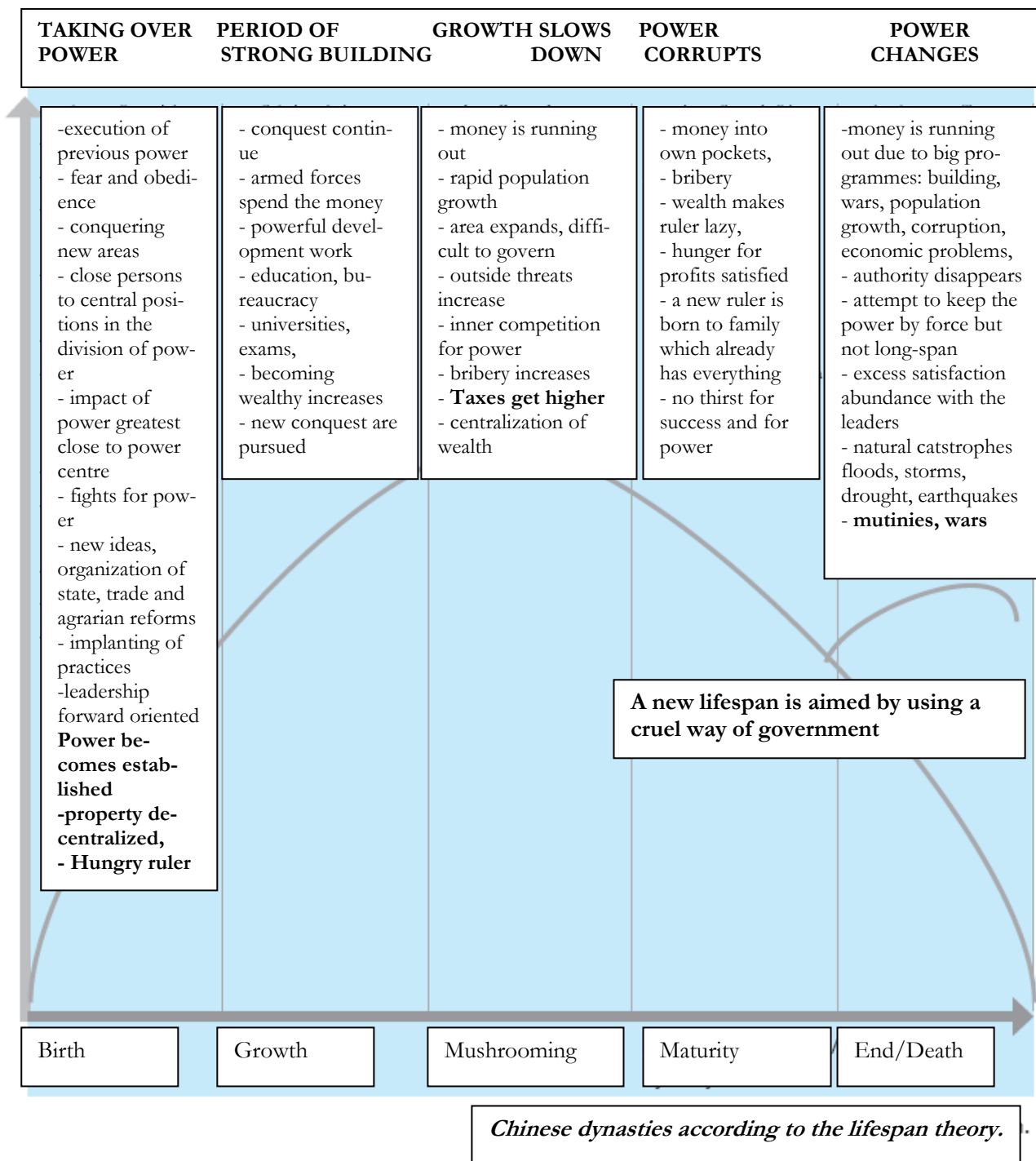
tractions when individuality grows. In Finland more products were produced in the 1980's than there was a demand for and this resulted in trendy-like growing goods production reaching the end of its road.

Because of the growing environment claims, a new way to produce and to consume must be found. The private sector gains ground from the public sector with the liberation of the market economy. The dominance of science and technology will strengthen when the production becomes more complicated. At the same time new quality demands for the markets are set. All the points mentioned above make consumer habits more diversified thus influencing goods production. Taste habits shorten products' lifespans because people want new products and also products that have been designed in a new manner.

More and more attention is paid to cleanness in the use of energy in the Western industrialized countries now when the thinking of sustainable development is gaining more ground. Population growth and increasing pollution demand increase in training of energy saving measures as well as acquisition of knowhow which enables us to develop more economical use of energy. When economic growth pace slows down, adaptation to the changing circumstances is required. The establishment of global economic groupings such as the EU, NAFTA or ASEA should be seen as a kind of interim stage on the way to international trade. Competitive advantage between countries and areas has an effect on business localization worldwide. Return on capital is an essential factor guiding business localization.

The development of Chinese dynasties in the light of the lifespan theory follows the same features as the lifespan of a company or a product.

The time span of a lifespan of a dynasty stretches from a few decades up to 400 years. The lifespans of Chinese dynasties can be described compactly that at the first stage or launching stage of a lifespan the dynasty has taken over the power and the former rulers have been executed. New subjects have been made fear-ridden. New areas are being conquered all the time and close people have been named to the most important posts in this rising state. Power becomes established gradually. Often at the first stages of a lifespan a new capital is established and a hard battle is going on for the power. At the beginning the leaders have an urge for innovativeness in the country and the management is dynamic and forward-oriented. Ownership is usually decentralized. The ruler is urged on by a strong ambition and will for power.



### *Chinese dynasties according to the lifespan theory.*

At a growth stage ruler's conquests will continue and strong building activities are going on, warfare swallows up the nation's resources. To establish the power development in the fields of education, bureaucracy system, building of universities and degrees is taking place. Becoming wealthy is a continuing growing trend as the lifespan develops. Only some wide expeditions of conquests are made. At lifespan's mushrooming (generalization) stage, nation's resources start to exhaust and the number of population increases quickly. When the area of state expands the state becomes difficult to govern.

Threats from outside the state borders increase against the ruler and the state. Those exercising power take their share of state property and it cumulates into few hands only. At a saturation stage the power corrupts the rulers. Corruption and nepotism mount up and resources are directed to one's

own pockets. Weakening of ethic is apparent in the management. People's dissatisfaction increases. The ruler begins to delegate his power to people close to him due to the fact that the ruler's hunger for victory has been satisfied. A new ruler is born to a family which already has everything.

At the final stage envy spreads among the rulers and families. People's envy towards the rulers spreads, too. The nation's resources become exhausted due to ambitious reforming programmes. Building, warfare, rapid population growth and corruption weaken the moral and solidarity of the people. Economic problems become more serious. At the end stage of a lifespan another attempt is made to regain the power either by using force or trying to return in the former type of governing. However, the leaders are too satisfied with themselves and their standard of living is too high so that they would be bothered to try a real change. The lifespans of dynasties end either in accidents of the nature, such as floods, storms and earthquakes, or in mutinies. Usually, the lifespan has ended in a concrete execution of the ruler.

The rising average age of Western population changes customers' consumption and service habits and weakens their investment willingness and willingness for entrepreneurial activities. Consumption willingness is directed, for instance, to financial services, health and rehabilitation services, recreation and entertainment. At the same time products of a new lifespan stage are being developed in the electronics industry and in the information technology. The ageing population possesses wealth but they keep it in different kinds of investment instruments instead of founding companies themselves and that way searching for a long term yield. Japanese companies have operated in a successful manner having made use of the lifespan theory and putting their industry into countries that are in various development stages. In the development of companies they have made excellent use of the different stages of products and countries. Outdated industry was transferred to countries of a lower stage of development and by the use of taxation they had forced a development of new technology in their own country. This is why a certain type of industry is transferred to developing countries. Chinese dynasties according to the lifespan theory.

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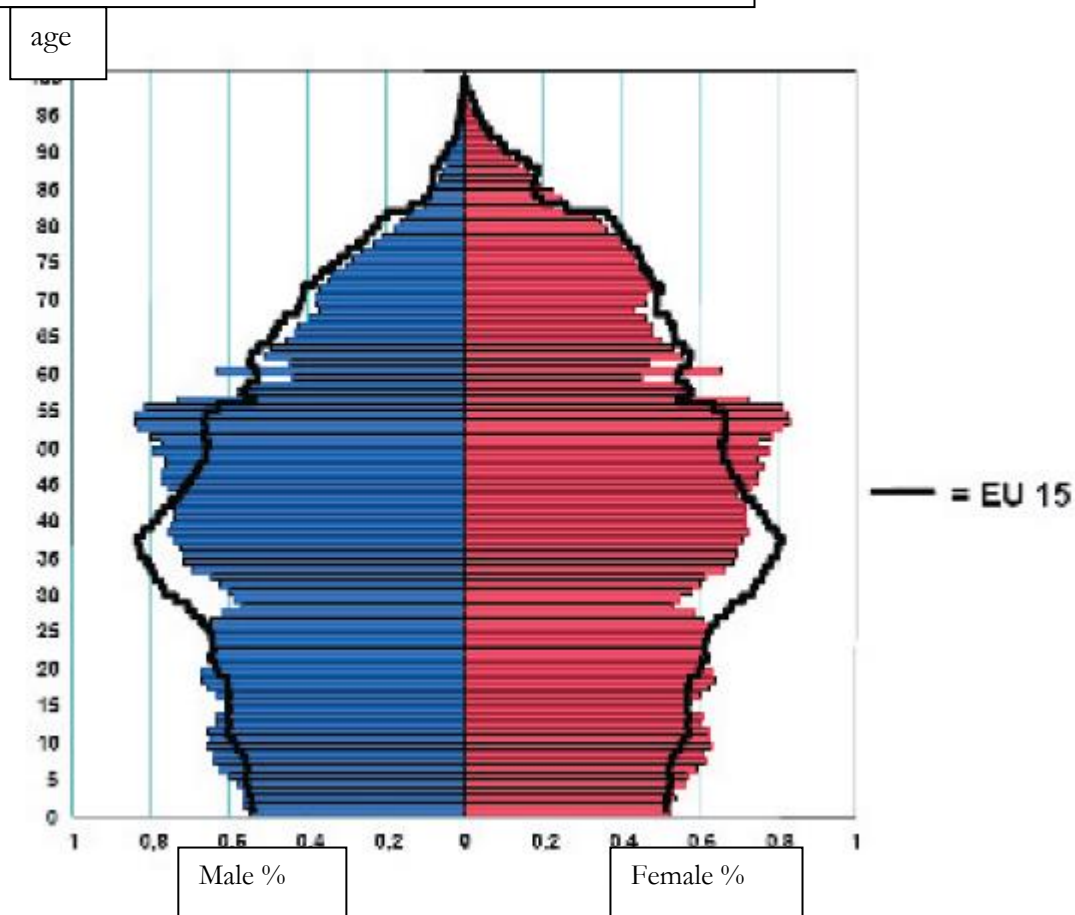
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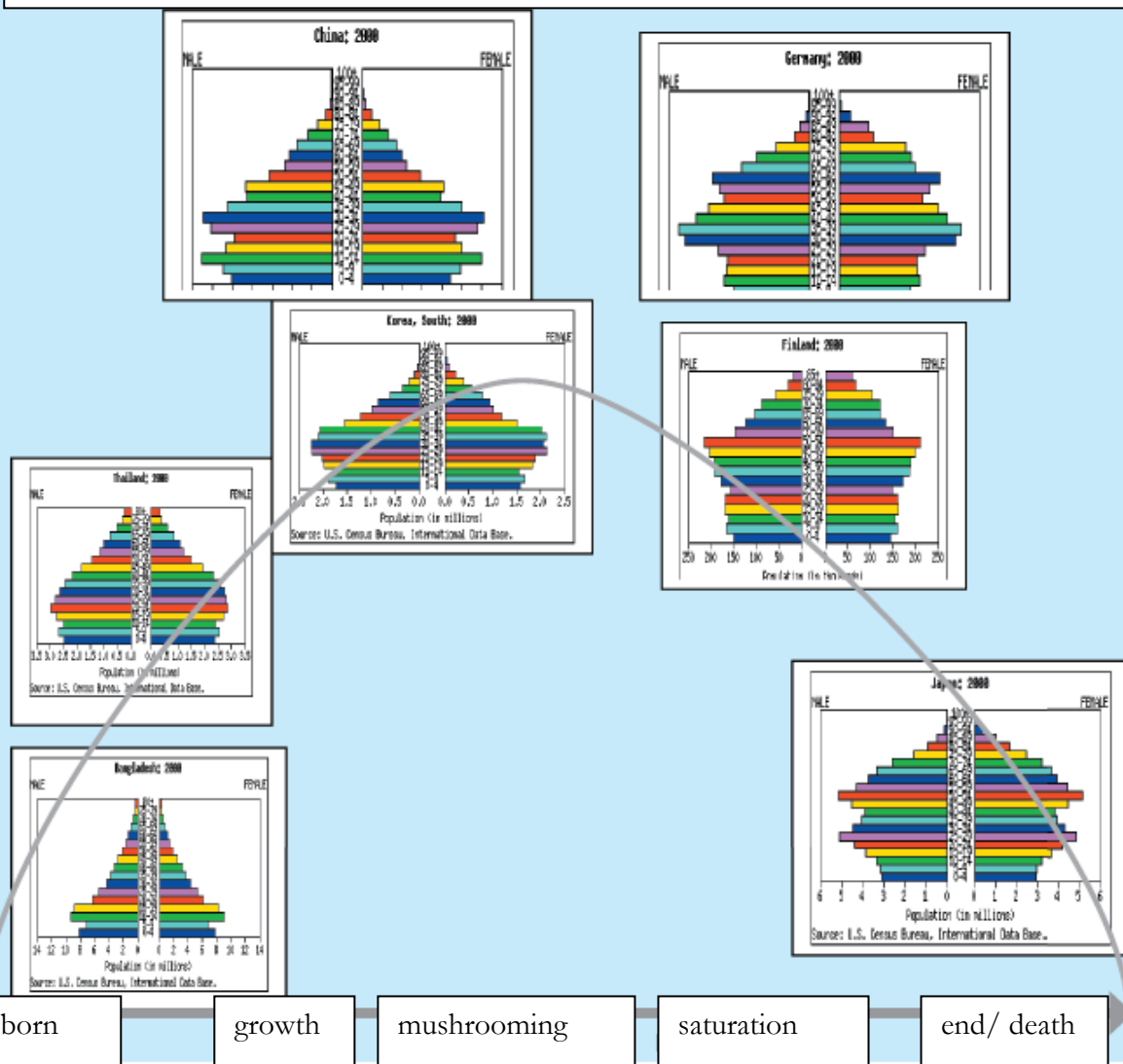
electronics industry and in the information technology. The ageing population possesses wealth but they keep it in different kinds of investment instruments instead of founding companies themselves and that way searching for a long term yield. Japanese companies have operated in a successful manner having made use of the lifespan theory and putting their industry into countries that are in various development stages. In the development of companies they have made excellent use of the different stages of products and countries. Outdated industry was transferred to countries of a lower stage of development and by the use of taxation they had forced a development of new technology in their own country. This is why a certain type of industry is transferred to developing countries.

The age structure of Finland and EU 15 countries 2001

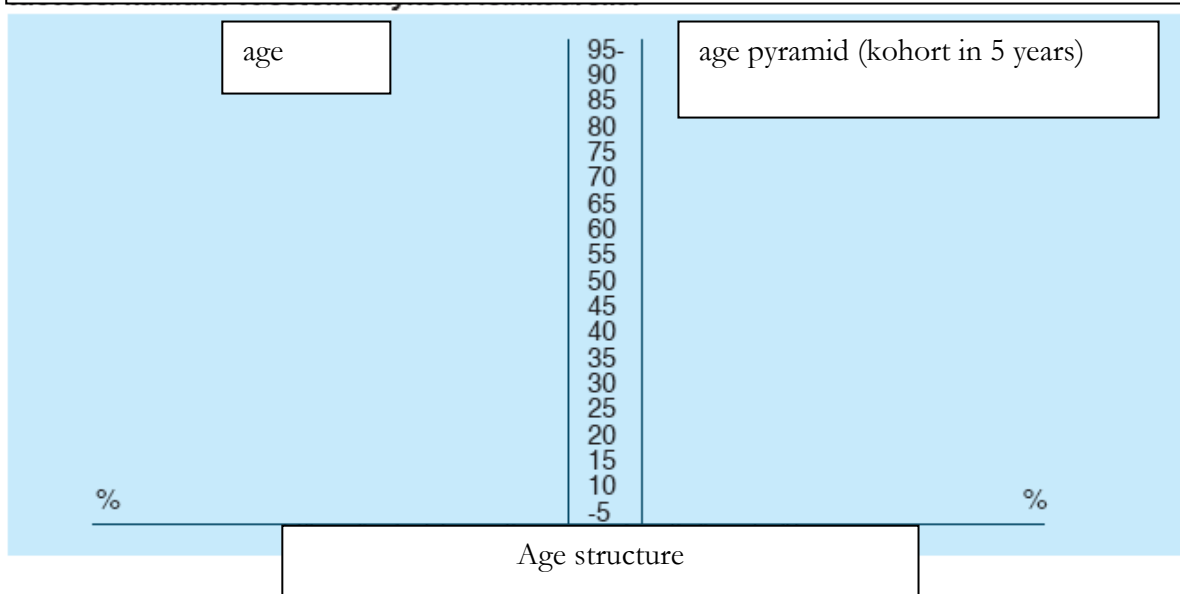


Compare the age pyramid of your country with Bangladesh, Thailand, South – Koreana, Germany, Sweden, Finland, USA. What thoughts are wakening up in you for the future development of your country


## Age pyramids in the life cycle in the development phases of society



Collect age pyramid information of your own country/market area and compare it to your own age structure of your clients and to your benchmarking competitors' age pyramid. Define with these information to what development stage your enterprise product belongs on the life cycle curve.



The development of population in last years: + / -

1990199520002005

own company  
own branch  
benchmarking company

Age groups	pieces	% of population pieces      %	branch pieces      %	Benchmarking company
0 -6 year				
7 – 14				
15 – 24				
25 – 64				
65 – 74				
75 -				

Examine the changes in the age structure in your action area: birth rate / mortality rate

	your country	market area	benchmarking company
born			
dead			
net change			
net migration			

### 2.2.2. The age structure of the population in the central marketing areas by businessfield and professional workers

The company must know the structure of business life in the own municipality / country / marketing area.

The business structure of the cuontry / clients compared with the average in the country and bench-marking company:

	<i>clients</i> pieces      %		<i>country</i> pieces      %		<i>benchmarking-area</i> pieces      %
agricult. & forestry industry	_____		_____		_____
	_____		_____		_____
constructing	_____		_____		_____
mining	_____		_____		_____
restaurant	_____		_____		_____
/accomodation	_____		_____		_____
retailshop& traffic	_____		_____		_____
financing	_____		_____		_____
	_____		_____		_____
public services	_____		_____		_____
other	_____		_____		_____
together	_____		_____		_____

**Workers who are in professional work %**

agriculture and forestry industry services other employed % unemployed %	own clients	average in the country	benchmarking company

**2.2.3. The services and production processes of the company**

The costs of the production of the services € / inhabitants

service	Own company €/ inhabitant	Branch € / inhabitant	benchmarking company €/ inhabitant

Service production costs compared with constructed square meter or used area.

service	Own company €/ inhabitant	Branch € / inhabitant	benchmarking company €/ inhabitant

*The costs for producing services compared with the use of human work € / worker*

own company

branch

benchmarking company

*How do you define the availability of your company and services for clients?*

*Has your company or unity made regular monitoring of the service level? Client satisfaction? What are the results?*

*How the services are estimated in your company / unity and are there possibility to price them by new way and how ?*

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins or other markings on the paper.

*What else important factors do you want to take account on in your environment analysis?*

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#### 2.2.4. Location factors

Vicinity from the different centres	kilometers	distance in time	distance per vehicle
km to the railway station	_____	_____	_____
to the airport	_____	_____	_____
To the municipal centre	_____	_____	_____
To Capital city	_____	_____	_____
To the main market area	_____	_____	_____
Other places	_____	_____	_____

### 2.3. Lifespan of a business company.

### 2.3.1. Lifespans determine strategic planning



### ***From a birth to a growth stage***

The start stage of a society's lifespan is called factor-of-production or birth stage.

From this production stage to an early growth stage, production taking place in a society means basic production and it is looking for its shape all the time. Product development is based on everyday basic production needs. Private persons own factors of production except in colonial societies where big private owners or companies own them. Availability of labour force is an important factor at this stage and there has to be an adequate number of it, but its skills are still insufficient. Getting enough raw materials is of importance. A problem for production development is caused by the availability of capital. Small private actors have security problems in getting loans. Production has been decentralized thus putting emphasis on logistics. Product marketing is also important because there are no markets in the close neighbourhood and consuming is only starting.

The significance of domestic markets is great at the birth and growth stages of a lifespan.

For the production raw materials are of importance, as well as their volume, scale and location.

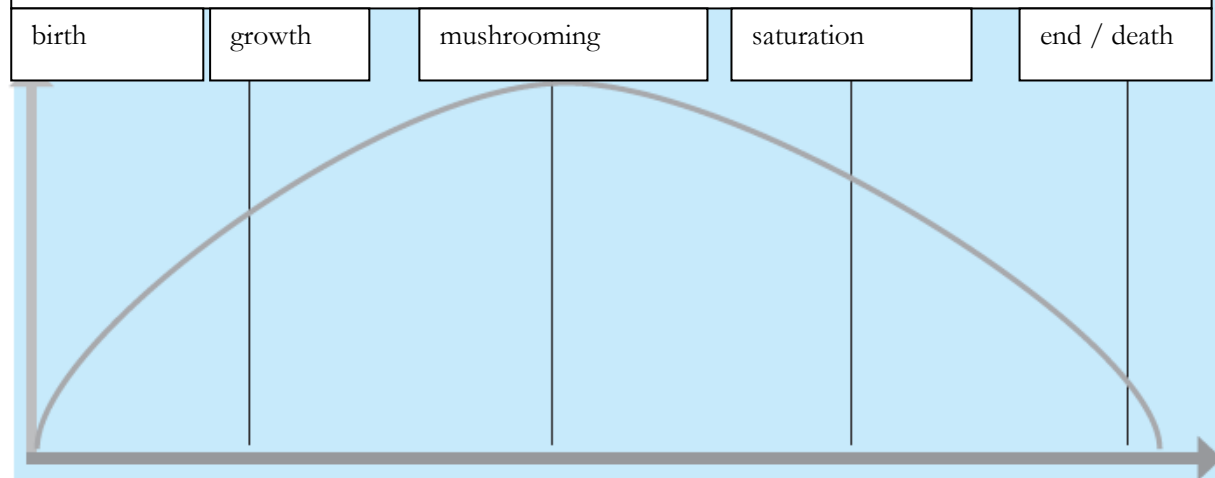
It is important to know the richness, that is the efficiency, of a particular raw material deposit.

How this raw material can be transferred to the industrial production site or for consumption is important. Primary production is the most common way of production but at this stage also processing industry, producer or production cooperatives as well as many kinds of companies are established. Products at this stage are based on products from food stuffs, crop husbandry or animal husbandry. Products from forest, trees, berries, fruit, etc. belong to this production stage. Their markets are at domestic markets or those of nearby areas. Mining and reprocessing of its products, ores and minerals, belong to the development of this stage. Manufacturing of textiles takes place at the early stages of the society's lifespan. Products described above give a clear picture of the start stage of a lifespan, but also some important needs such as in Maslow's need hierarchy's first stages, including need for food, drink, basic transportation and housing. At the beginning of a lifespan's birth and growth stages social lines of business are focused in raw material production, agriculture, forestry and in general collecting and processing of natural resources. Heavy building of an infrastructure is taking place at this stage and gives birth to business activity based on roads, railways and partly ship and air traffic. Mining is an important line of business providing employment to a great number of people. Lines of business dealing with tourism develop and countries which are at this stage are low-cost and attractive targets for tourism. From tourism's point of view they are open, active, virgin and not visited by many tourists.

At the begin of a lifespan, companies, private persons and public capital resources are scarce .

Collecting of capital takes place mainly by urging the citizens to economy. Raising of the level of people's savings rate is very important because of investment financing. A rising savings rate does slow consumption mushrooming on the one hand, but also the development of public economic structure on the other. Besides own money also loan capital is used for investments in so far as enough security can be arranged for the bank. Owners pursuit for profits is long-range and they are not expecting fast short-term profits. Company surpluses are used to company's investments. At this stage the most common type of owners is private small ownership.

## Factors connected to production factors at the early stages of a lifespan



### Basic production

- products
- private owned
- work force
- raw material
- capital
- transportation costs
- logistics
- markets

### Domestic markets

- raw material
- primary production
- food stuffs
- textiles
- mining

### Markets

- home country
- bilateral trade
- export of primary products

### Lines of business

- raw materials
- agriculture
- forestry
- natural resources
- roads, infrastructure
- mining
- tourism target

### Capital, financing

- scarce
- domestic savings
- savings rate important
- loans, own savings
- owners, expected long term yields,
- surplus of the firm, investments
- private owned

### Industry

- factories
- state, big owners
- capital
- raw material
- the price of work force
- education
- product development
- the size of series

### Export Industry (multilateral)

- production
- industry
- metal industry
- producing
- components
- home country
- export

### Lines of business

- foodstuff industry
- forest industry
- traditional heavy industry
- imitating industry
- state owned
- tourists

### Capital, financing

- state run
- assets of the company
- bonds, derivatives, shares
- owners, loans
- issues of shares
- long term – yields
- savings
- surpluses of the company, investments, equity earnings,
- shareholders

### Service

- service chains
- state, big owners
- education
- strategies
- cost efficiency, rapid movements,
- innovations, distribution, delivery

### Regional markets

- productivity,
- markets
- market penetration
- alliances, strategies,

### Markets

- home markets
- export
- trade between regions and inside trade

### Lines of business

- spin off industry
- medicine industry
- energy procession
- back office - activities
- media industry
- tourism

### Capital, financing

- markets
- shares, foreign placements
- loans, different instruments, bonds, derivatives,
- investors, expected short yield, appreciation
- no contact to owners
- yield for shareholders, equity earnings, advantage of mergers

### Information / Networks

- networks, incorporeal rights
- big international companies, conglomerates
- education, nets, visions, strategies
- metropolises, centralization
- free competition
- mobility and logistics

### Global markets

- logistics, networks
- headquarters, financing
- product development, research
- multiplicative aspects

### Markets

- global trade
- trade between areas
- home markets has no meaning for big global companies

### Lines of business

- service and entertainment business
  - welfare industry
  - IT industry, hardware, entertainment, music and movie industry
  - medical service industry
  - contents, software
  - consulting services for private people and guidance
  - tourism industry, experiences
- Capital, financing**
- risk investors, short term yield appreciations
  - partnerships, financing beforehand,
  - joint ventures, appreciations,
  - fusions by selling companies
  - shareholders value
  - options

### ***From growth to mushrooming***

A time span from a growth stage to a mushrooming stage is described as a production-centered stage where society's operations expand to industrial production. Series sizes and investments increase. Industrial operations are the way of production by which new factories are established. States, big owners and limited companies own the factories. Their existence is often based on advantageousness and availability of raw material reserves. Availability and price of labour are important sources for competitiveness. The importance of education grows as there is a need for professional skills in the industry to use the machines and equipment. Focus is on the knowhow of material handling and knowledge of different international bylaws. Product research and development is taking its first steps and products are produced for different groups and for different purposes.

Production increases with the growth of the needs of a society and consumer markets. The optimal bulk size can be found as a total result of domestic markets and export. Production has grown to an extent where it is necessary to organise export of products. Export goes to several countries as multi-lateral foreign trade. Production type is industrial production based on metal industry, extractive industry as well as production of energy. Manufacturing industry plays an important role. There is already extensive component manufacturing, but manufacturing is lagging behind somewhat from the top development in the field. Production equipment and innovations come from abroad. The price of labour must be lower than in the developed countries and in the countries manufacturing the latest innovations. Markets expand in the home country but in principle they can be found in the close areas or are based on bilateral trade.

Lines of business at growth and early mushrooming stage are mainly based on food stuffs industry, forest industry, energy processing, and traditional heavy industry. Method of production favours large series and an industrial way of production. State or a social company owns the most important industrial fields. Tourism starts to arise as a productive line of business.

Industry develops and capital is based on the investments of the government, big owners and families. Loans, bonds of varying kind and length, share issues, and of course owners' own capital are used as financial instruments. Saving plays still an important role at this stage. Yield expectation is based on longer-term expected yields. Companies start to produce surplus, which are put to company's development further and to investments. Shareholders are rewarded with dividends and they will get a reasonable return for the capital they have invested. Ownership has been dispersed from an one-owner company to a distributed owner structure of shareholders.

### ***From a mushrooming stage to a saturation stage***

Innovation stage is a typical service society where a clear transition from industrial production to varying kinds of service types has taken place. People are servants to other people either on the private or public sector and therefore also operations models for work have changed. Service chains depending on each other have been established. Operations are based on well thought out strategies. Society provides an increasing amount of basic education for its citizens and this becomes an essential factor of competition. Prerequisite for successful operations and companies are new innovations and insights which are used to gain further growth when the trendy growth has already come to an end. At this stage there is an effort to create new concepts, to differentiate products and to make closer market segmentations. New innovations are used partly to increase cost efficiency by means of logistic solutions and development of distribution channels.

Markets are based on regional markets. The most typical definitions concerning markets deal with an increase in productivity and growth by segmentation, regionalization or ensuring an entry to completely new markets. Marketing strategies and brands are of great importance because with the help of them a company and products are made widely known. Entering the markets are supported by different kinds of alliances, networks and co-operational measures. At this stage domestic markets as a

market area play a minor role. Greater focus is on foreign trade, but the greatest importance is in the internal trade in large areas such as the EU.

Inter-regional trade, such as between the EU and the USA, have been growing in significance. The concept of a domestic market becomes from an internal market meaning market inside a country to an internal market inside a region, meaning that the trade area within the EU is a domestic market area.

Lines of business at the end of the mushrooming stage and at the beginning of the saturation stage include industries such as derivative industry, pharmaceutical industry, IT industry -both hardware and software-, communications and media industry as well as tourism which becomes industry-like. The lines of business include lines of businesses from innovation and wealth stages.

Normal markets take care of normal markets where investments and development activities are managed with the help of share issues and venture capitalists. In other words, the other has an idea and the other has the money. Money owners want profits and those who have ideas want to become rich with their inventions. Financing is taken care of either with normal borrowing and also by using various instruments which can include, above traditional loans, also venture capital, venture capital based on own capital and different kinds of bonds. Owners don't like to put their own property at stake but to keep it clearly away from traditional entrepreneurship. The development of a company depends on investors who are seeking for short-term profits. Company's connection to its shareholders breaks. Control by the owners takes place with the help of exchange behaviour and subtle economic instruments of various kinds. Ownership can consist of indirect ownership in such a way that many kinds of pension, investment and fund companies own large parts in shares but the power they use is short-lived and takes place through the stock exchange. They don't take part in the work in the board of directors. When the growth phase of a company at the market starts to die down additional value for a share is sought by increasing the size, like by company acquisitions and mergers. These measures are protective measures to defend the own territory. Market structure soon starts to become oligopoly-like.

### ***From a saturation stage to an end stage of a lifespan***

At a wealth-centered stage, the control of information plays a more important role than information production itself. There is plenty of information available in a society, but the key factor is how to control and combine it. This is why the importance of networks increases and chains of actors replace industrial halls that were so important earlier or the physical buildings and even its physical location. Control of incorporeal rights determine the use of knowledge, wit and products. Focus is in the meaning of education and making use of it because those who get the idea quickly can become successful at the markets. Markets are conquered at once and all over. Big conglomerates and multinational companies have ready brands in different countries as well as quick distribution channels. It is important to get the idea of products, matters, companies and alliances quickly and above all to have ability to read even small hints with which we can quickly develop new visions and strategies.

Companies focus more and more in their trademarks but production chains can make even very long and complicated network chains. Freedom of competition dominates in location of production activities and production marketing. Flexibility between the different production factors, such as work, raw materials and markets is sought by mobility. Capital is easy to move and it is not a location problem. Location of a factory is no longer considered to be fixed. People migrating to big metropolises is a growing trend, This marks a start of real globalisation. At global markets production takes place in countries of low cost labour in small units.

A product is put under a brand. Production chain becomes a long network. A company controls the brand, marketing and distribution. Product research and development, research activities are carried out in the main office and, of course, company's capital and financing come from there. Duplication of innovations and ideas are the core of actions. Lines of business typical to this stage include such as entertainment and service industries and welfare industry, in particular in the developed

Western countries. Important foci of consumption include music, movies and various entertainment and leisure time experiences. Important lines of business are such as production of contents and software which grow and replace former instrument-centered thinking. Tourism and different kinds of experiences are in the focus, almost going to the other extreme. New contents is sought to a ready built life through some extreme concepts. Pharmaceutical industry becomes an important line of business in a hedonistic life. A dream of an everlasting life, removal of a fear of death by pharmaceuticals and operations are signs of efforts to prolong life. Efforts to improve by surgery what God has created are carried out. People are trying to take control of their lives in their own hands. Security starts to fade when the ends of welfare grow apart and the number of the aged population increases. Need for security, privacy, spirituality and a hedonistic way of life call for an increase in the lines of business of security industry. This applies to physical security, privacy protection and data protection of electronic communication. Because almost all products and services can be had as ready-made, the helplessness of people increases in practical matters thus causing a quick rise in the sector dealing with people's consultation services and assistance services.

Those who invest in companies and society's investments are the venture capitalists. They have larger still expected yields and in general a company's financing is taken care of beforehand. There are various kinds of associated companies, investors and joint ventures in the line of business. Investors are looking for quick expected yields and increase in value. Investing is a kind of gamble where by using risk coefficients, quick and big profits are sought. This attracts to huge risk taking. When a big risk comes true, it can have an impact on the world economy. Big options lure both shareholders and business managers to manipulate results and bookkeeping and give a better picture of the company's situation than it actually is. This is in principle a legal way which people use to become rich by investors' capital. Company sales and mergers are part of daily business activities. The development, enlargement and sale of companies have become a merchandise.

According to the marketing at the beginning of a product's lifespan, a product is either produced for a need or a need has to be created for the customers in order to get it to the markets. At a birth stage there are several important matters to be taken care of including such as creation of a need, the right markets, the right distribution channels and, of course, external facts dealing with the product and its package. At this stage focus is in both production and marketing and this is why losses of the product have to be counted for. When this is studied by a lifespan we can talk of a death valley of a product where profitableness makes a deep dive. This dive cannot be a long one in order to keep the company alive and the product still at the market. A product is often distributed to one business chain or to shops of a certain kind. Lifespan thinking can also be applied holistically by using market segmentation and distribution channels. At the beginning of a product's lifespan, marketing and distribution can be directed to special stores and chains offering a sophisticated demand caused by forerunners and there is a chance of getting a better contribution margin for the product. At the begin of production there is not always enough production capacity for large markets. On the other hand, production costs can be retrieved quicker by keeping the price high and the brand of high quality.

As soon as the customers have found the product, markets and the right channels have been chosen, the lifespan of the product starts to develop. Consumption increases and the bottom line turns to a positive figure. It is important to guarantee an even quality and availability of the product because this enables a reasonable price for the product. A product arrives at its markets first through forerunners and then ends up to larger markets. The longer a growth stage takes, the better the product price remains and the product will have a contribution margin. Growth stage can be prolonged by, for instance, transferring a products to department store chains.

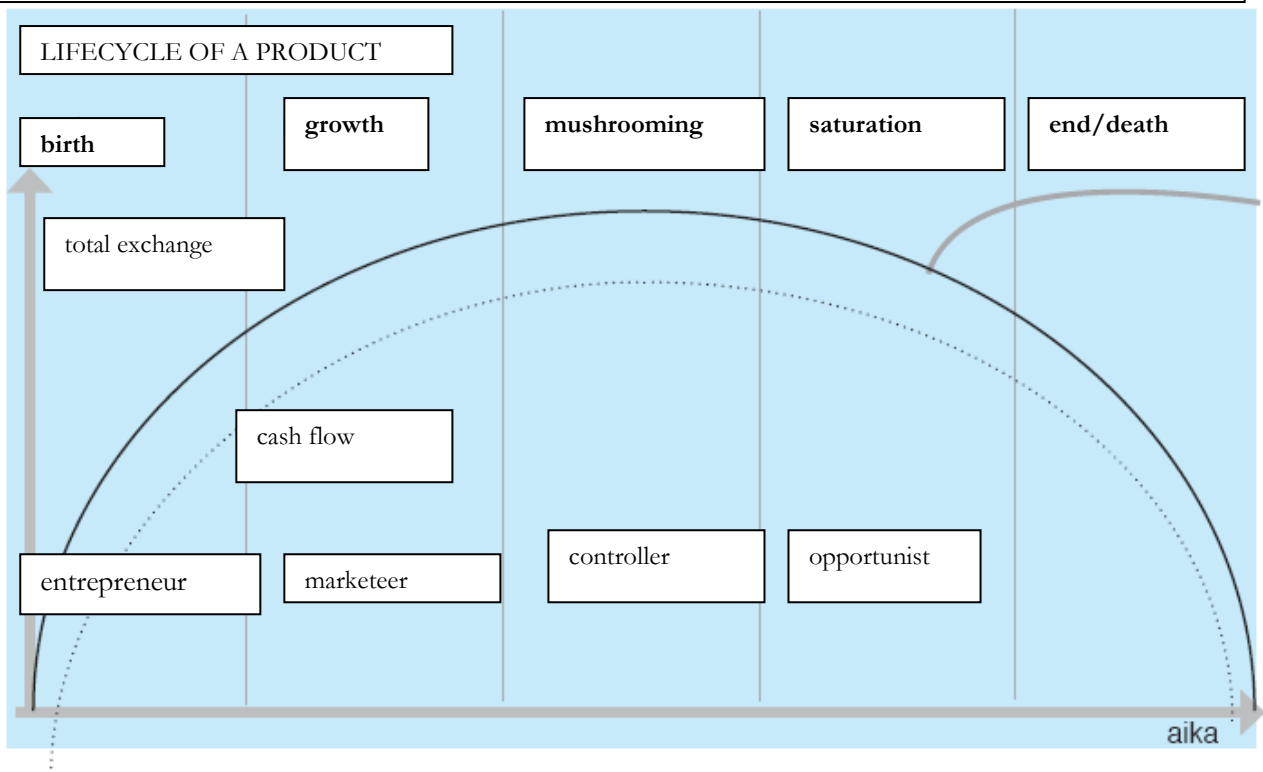
Mushrooming stage arrives for many reasons: the markets are getting saturated, a product may become oldfashioned, no new segments are to be found and no new market areas to be conquered. At this stage there is a growing competition when other competing and replacing products enter the markets. There is an increase in production but a decrease in profits. At this stage a product can be taken to discount stores in its distribution chain because there are many kinds of utility goods there and people are looking for an affordable price and many kinds of new ideas for their needs.

At a saturation stage the markets become full and there is a decreasing demand. Also the segments start to become full. A product becomes not-interesting and oldfashioned. Consumption figures sink and a low price is an essential asset in product sales. Profits made of a product decrease. Saturation stage can be prolonged by, for instance, strong marketing efforts, making small improvements to the product or by changing its distribution channels again. At a saturation stage a product goes to grocery shops where the price level is lower and profits are smaller.

***Development of business and the role of the management in the light of the lifespan theory***

birth growth mushrooming saturation death

## Development of business and the role of the management in the light of the lifespan



Searching	Development learning	conquering spreading	governing	final stage
<ul style="list-style-type: none"> <li>-search for alternatives</li> <li>- search for information</li> <li>- development of understanding</li> <li>- spearheads dominant position at trial markets</li> </ul>	<ul style="list-style-type: none"> <li>-development of products and services</li> <li>- creation of a general knowhow</li> <li>- way to earn, scoring superior knowledge</li> </ul>	<ul style="list-style-type: none"> <li>- market conquering with the help of a superior know how</li> <li>- big resource inputs</li> </ul>	<ul style="list-style-type: none"> <li>- defending of own territory and making it bigger</li> <li>- cooperation efforts</li> <li>- good profitability</li> <li>- possibility to cut loose and to enter other markets</li> </ul>	<ul style="list-style-type: none"> <li>-cutting off when operations become unprofitable permanently</li> <li>- structural changes</li> <li>- resources for a new business</li> </ul>

### 2.3.2. Business operations at global markets

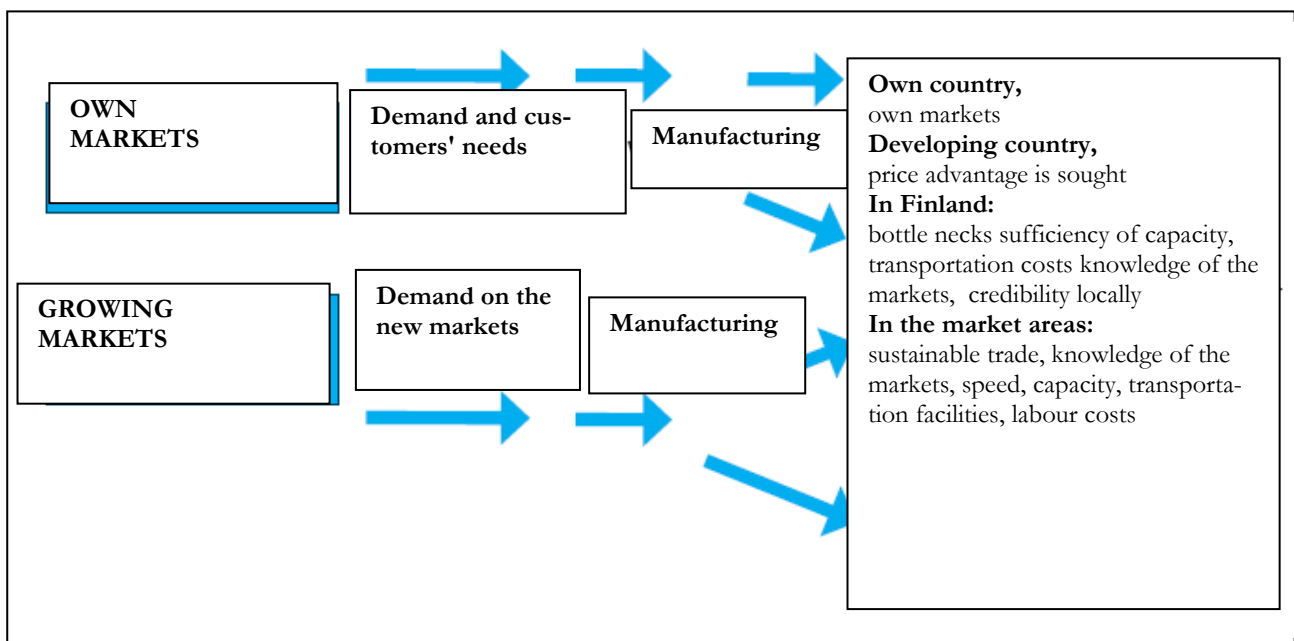
It is important that a company follows worldwide the markets in its line of business as well as economic development. In Finland it has been forgotten how Finland has developed over the years because it can easily be forgotten that at a developing stage operations dealing with building and energy and not welfare services are of importance. With the help of a country's lifespan stage, focus is put on the right production stage or putting of a product to the present development stage of the country. On the other hand, a lot of building and building knowhow is required as well as building of roads, railways, airports, metros and highways. Building of water dams, different kinds of plants for energy production and housing is of importance. Offering of too refined products to markets that are not developed enough for them, may lead to a situation where the recipient is interested in the product and cooperation: however, not for selling them to its own markets but for manufacturing

and selling them at Western markets. A good example of this is selling of welfare products to Chinese markets when there is a development stage going on where the question is more of life's necessities and food. A better way would be to commercialize the model of thinking of our welfare state's early stages and to bring it to commercial production using today's technology.

It is important to find the markets and to be able to put one's products and production to the right stage of a lifespan. Companies become international either through production development or acquisition of raw materials. New markets are an important foundation for internationalization. At the moment many companies seem to be focusing to ripe European markets using either the Baltic strategy approach or adding to it the Nordic countries and Russia. At the same time when the markets in Asia are going through a rapid development, the time to enter them is running short. Will we be away from growing and developing markets at a time when it would be easier to enter them? Mature markets require a well known brand, knowhow and money.

***Where to manufacture, to which markets and products of which stage?***

A principle of sustainable trade is to manufacture there where the markets are. This is also a starting point for companies to moving, for instance, to the Asian countries. Western population getting old may cause some difficulties in trying to understand Asian consumer habits when also product research and development must be moved close to the markets. This means that also main offices are split off and moved to developing countries.





*Where are the markets for your company's services / products?*

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*Where the products of your enterprise has been made?*

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Are you looking for a competitive advantage at the western markets or are you trying to enter growing markets? Have you been giving any thought as to the development stage of your market area productobn country? What kind of conclusions can you draw thereof?

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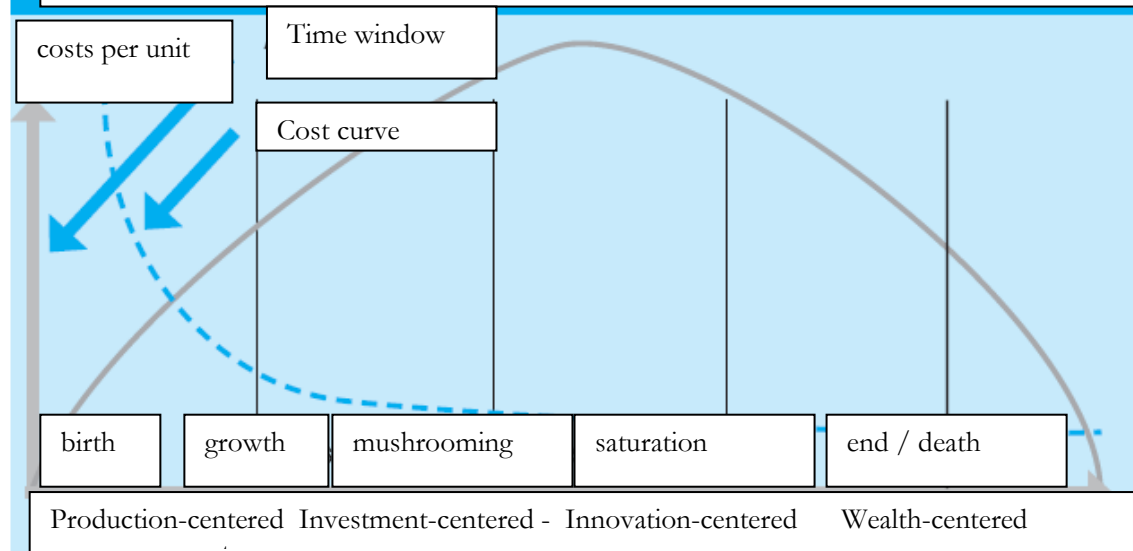
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#### TIME WINDOW FOR MARKETS

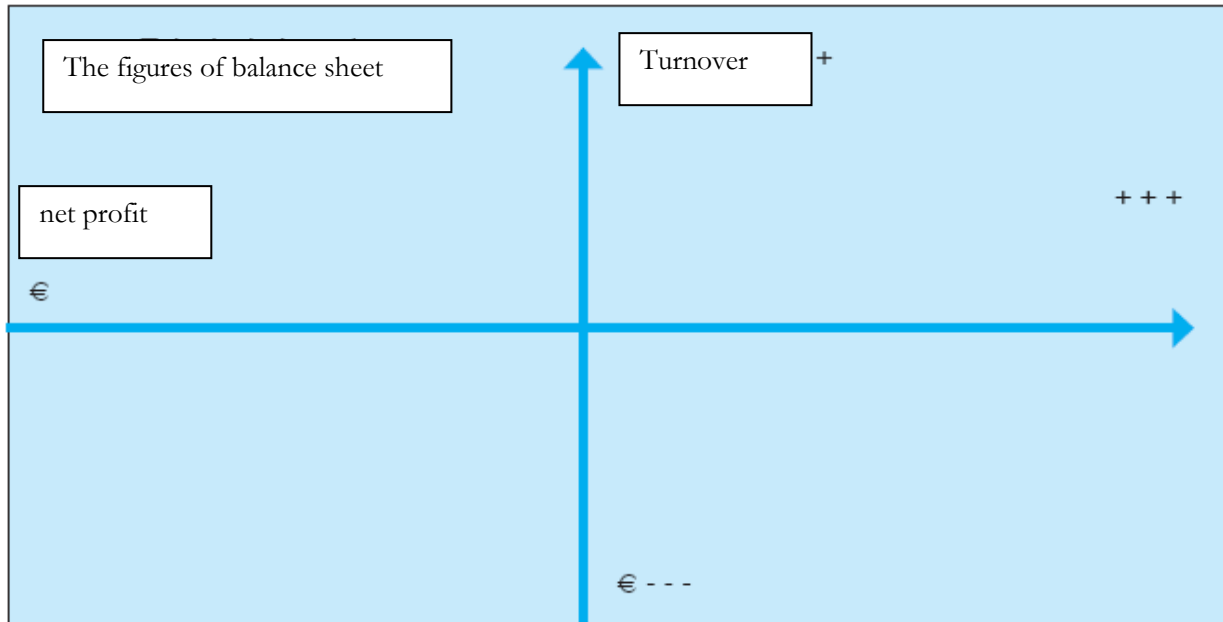


*What is the position of your product in the time window of markets and on the cost curve?*

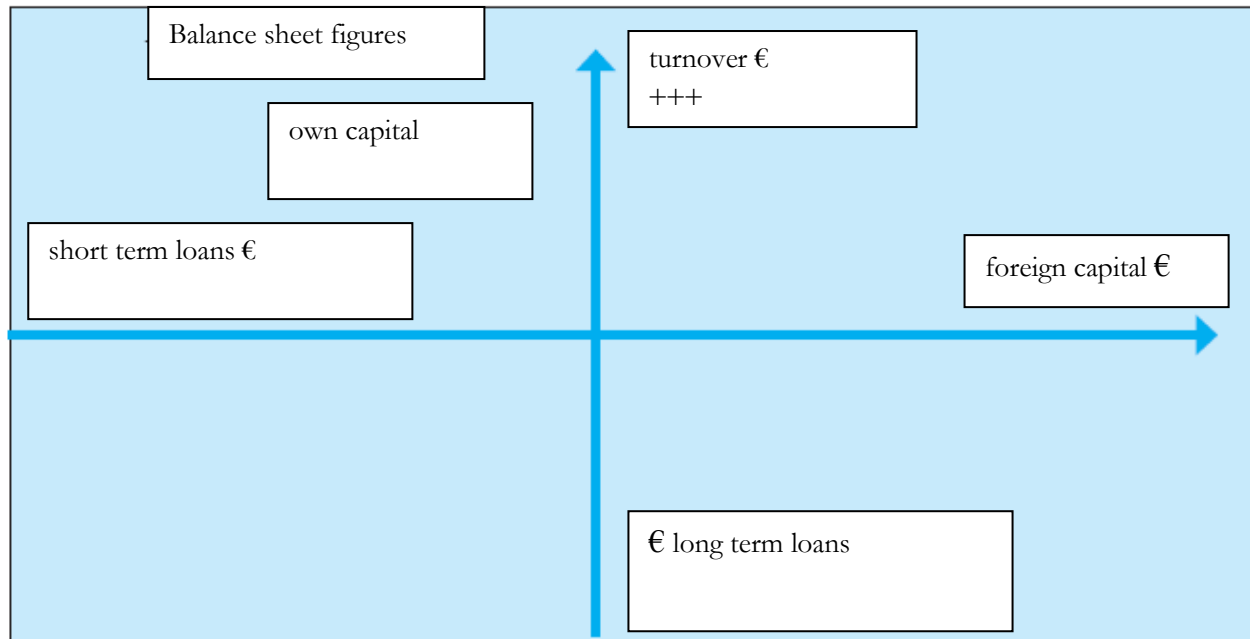
### **2.3.3. Business barometers and conclusions that can be drawn of them**

- Strategic management in the various stages of a lifecycle is based on an active and precise environment and a follow-up of changes and flows there. Changes and hints must quickly be noticed in setting up of the organization.
- A company must be able to turn these hints into practice. The changing world has to be taken into account in the organization's way of action. A change cannot be brought about if the organization sticks to its earlier way of organization.
- With the help of strategic planning each employee of a company may change the contents of a strategy into practice. This is how a strategy has moved from a piece of paper to a tool in everyday operations.
- A strategy aims at meeting with the changing daily challenges in the environment. If a company quickly reacts to changes it will be able to avoid rapid corrective actions and reorganization. A strategy has been approved of together and it is checked and updated non-stop .
- Strategic management applies to all service units in a company. Practical management follows the spirit and idea of the strategy thus helping the matters to turn to the wanted direction slowly.

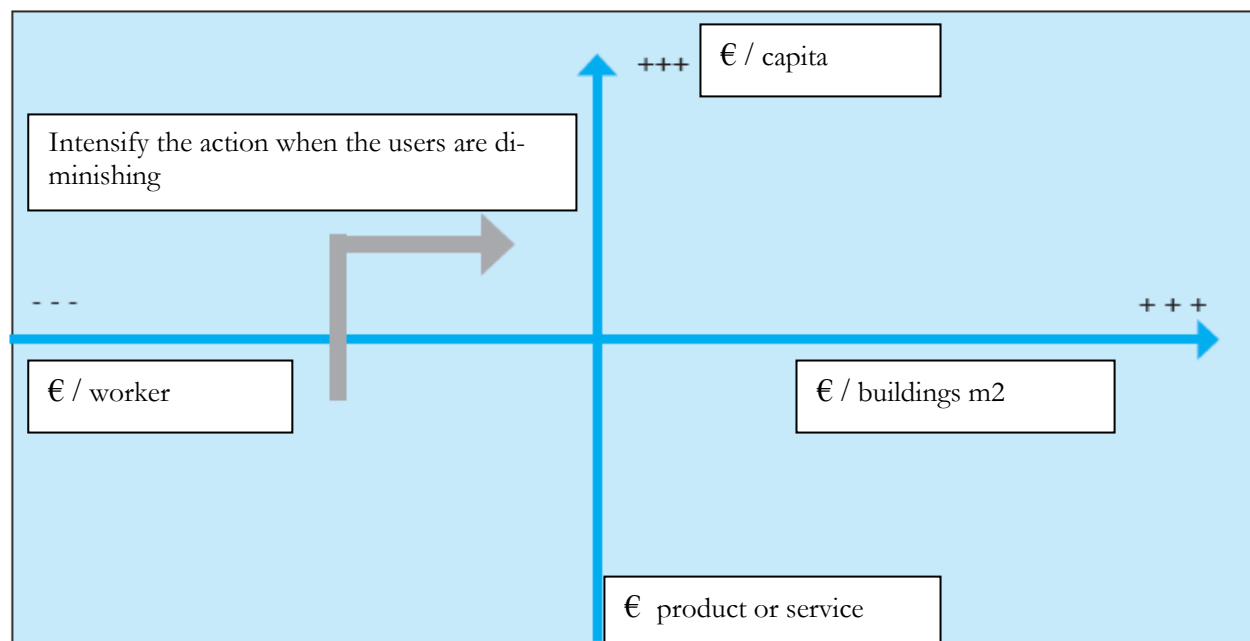
When you place a company to a lifespan you must well consider with the help of an environment analysis all the figures imaging the company. How has its business result developed and is the amount of own present capital sufficient?



\_\_\_\_\_ company placed in the scale of the profit and loss account.  
Fill in the average figures of the market area and those of your own company.  
You can make a scale into this barometer by proportioning your own company and line of business into the situation.



\_\_\_\_\_ company's location according to the capital and debt information. Place the medium numbers of the branch and your benchmarking companies. The scale you can make at the base of your own company.



\_\_\_\_\_ company's effectivity numbers with respect to the use of the real estates, to the work, to the manufacturing of the services and the products. Shape the scale in your own company, branch and benchmarking companies.

*Pull together to the following table all statistics of your company from the past five years and compare them with the latest development data in the line of*

factor	20__	20__	20__	20__	20__	20__
turnover						
gross margin						
net profit						
own capital						
liabilities						
Short-term loans						
change in the turnover%						
number of staff						
Turnover/worker						
Return on capital invested %						
Return on equity%						
Solvency ratio %						

*What kind of ideas and remarks you can do about the economic situation of your company?*

[illegible]

### *Strategic management of the company at the birth stage of the lifespan*

***Study what kind of different ideas, products and manners of production you have in your own company. What kind of alternative methods of implementation and ways of production for services do you have in your own job and in your own organization?***

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- At the begin of a lifespan, a company is seeking for different alternatives to its service production with which it puts the ideas to the practice and uses them to make profits .

Orientation and environment observation of the company takes place.

\* The company is looking for information for background and sorting out the alternatives and, based on this information, various visions for possible development trends are outlined. The company tries to find its own view as to its development path.

What kind of data and from which sources does your company need for basis of your visions? Make a survey of the sources of information. What kind of development trends you are collecting data for do you expect to find?

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- Company management looks for information about the marketing position, development, product, marketing, efficiency and key factors with which it can justify a solution that has been made.

Can you list key factors of your own unit and of the whole company with which the solution that has been made can be justified?

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- To organise the financing, to develop the organization and to enlarge the production, planning and knowhow in the marketing and logistics are needed.

What kind of background information do you need to be able to take care of the above mentioned matters?

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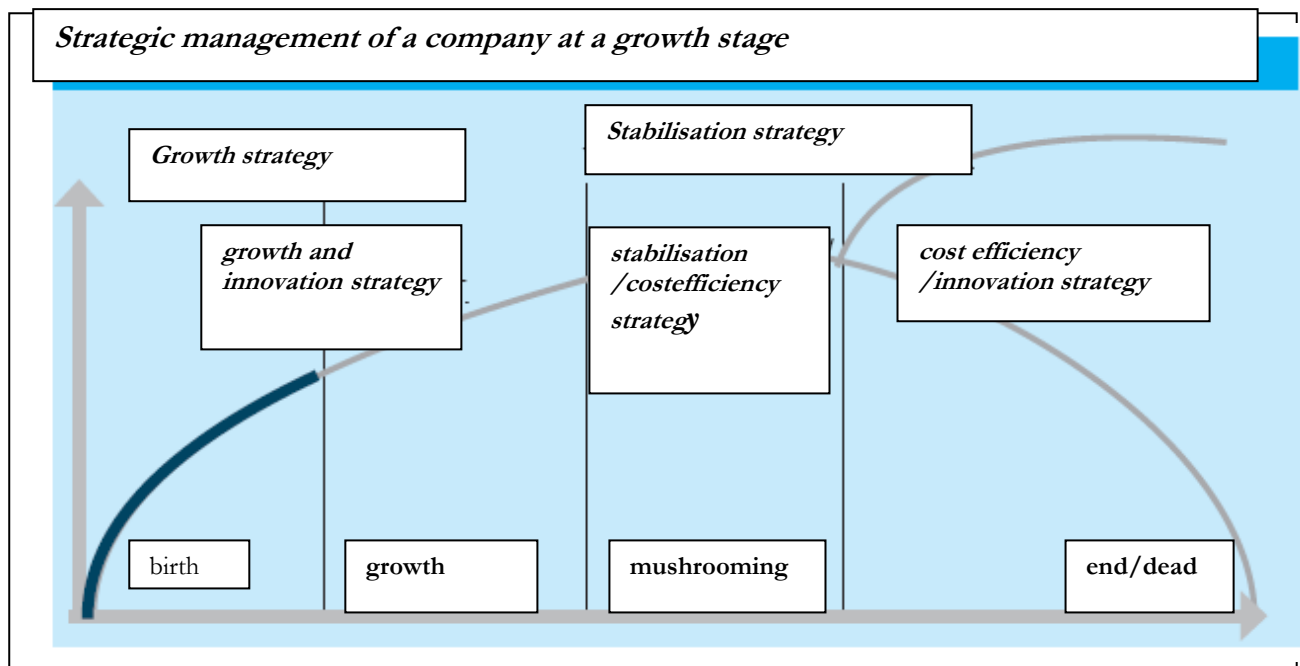
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## STRATEGIC MANAGEMENT IN THE DIFFERENT STAGES OF A LIFESPAN



At a birth stage of a lifespan the learning process of company management at first and later of the whole staff goes on where focus is on thorough development of products and services.

- Products are a good solution to customers' problems and with a good customer service company's workers give a final positive touch to the product.

How central is your own input in the solution of the customer's problems? What are the matters you pay attention to in the customer service?

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- Service concept means holistic activity which aims at forming a chain of services with which the customer uses the product and at producing also services later on as cost-effectively as possible.

Which matters should be emphasized to your opinion so that a customer will recognize the service or product as her own kind? Which matters can help you to ease customer's making use of a service or a product as easy as possible? Which are the facts that facilitate your own work and make the operations of your company more effective?


- Ambitious objective of a product's service development is to develop the company to become the best in its line of business. A company wants to make its customers to believe that it is just this company which has the best image in its line of business. It will try to attract new customers to the company.

Which factors make the services of your company / unit the best in the field and by which means it attracts new customers to the company? Think through what the customers are expecting to get from your product / company?


- Continuous product research and development and improvements in the products make a dynamic and active image to your company. As soon as it is also able to produce services in an effective way, its profitability is also guaranteed.



*What kind of product research and development ideas and product improvements do you have in mind in order to increase the productivity?*

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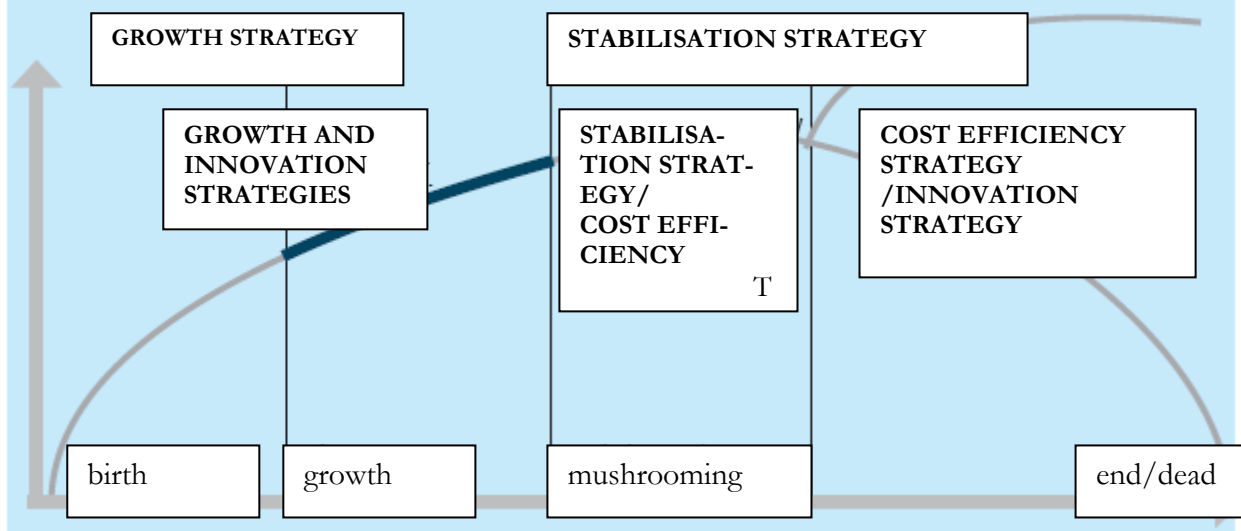
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*Strategic management in another growth stage of a lifespan*



- At a growth stage a company operates in a market-oriented way and is motivated in increasing and developing its services, conquering markets as well as getting new customers for its products.

What are your focus points in your own work in developing services? What kind of new innovations are there to be found?

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- A state tries to promote its own companies at international markets and to make the country an attractive trade partner to other states or an interesting target for foreign companies where to establish a company. The same amount of motivation can be seen and felt in the internal development of a company because growth creates possibilities for progress, new jobs, belief in the future, new business activity and possibilities for earning money.

What kind of possibilities for progressing do you see in the development of your company and work when the company grows?

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- The company grows and career possibilities increase. The company invests in choosing the right persons. Professional skills of the workers must correspond that of the job level. Often when a small company grows, people become, without a previous knowledge and perhaps also without their will, to managers of an important organization. Then a manager's professional skills do not necessarily develop at the same pace. The job description changes from a performer to someone who organises the work and becomes an expert. Another side of this is that key persons are overloaded. There is a danger that new persons are employed in a hurry somewhat inconsiderately and their training is unsatisfactory. In general, at a quick growth and change situation the development of systems lags behind in production, organization and marketing.

Do you see this kind of development happen in your own unit or company and has does it manifest itself?

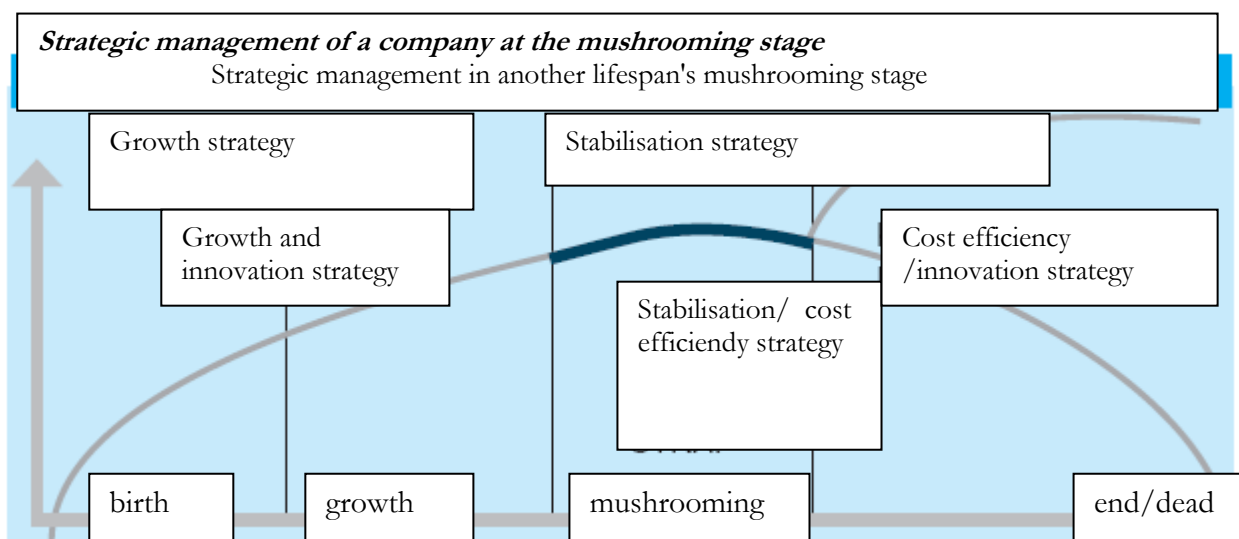
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Precondition for a success at a lifespan's mushrooming stage or conquest stage

is superior know how.

- The company forms a market area with borders that are determined by the location theory.

This stage requires plenty of economic, spiritual and physical resources. Company's income flow grows fast and it is possible to retrieve the invested inputs.

What kind of observations can you make of the development of your organization's market area and how does this influence your work?


- Product research and development, people's training and marketing are the focus of a company's operational development. Bottle necks in production activities are tried to be removed and cost-efficient production is sought for. Growing activity requires big capital inputs. These come from the entrepreneur himself to his company and the society invests in infrastructure.

What kind of inputs has your company made and what is it going to do in the future?


- Companies go public and seek for capital that way.

At this stage critical resources in business activities are sufficiency of production and availability of capital. Towards the end of a mushrooming stage plenty of similar products and their copies are produced because of high demand and because this offers a possibility to make use of a ready brand.

Does your product have imitators / competitors who use similar kind of marketing and competitive tools as your own company in its own market area? What are they and will you be able to answer to competition and if, how?


- At this stage the threshold to enter the market is rather high because setting up of a factory or a plant or such is expensive.

How do the competitors act and manufacture their products / services?

Are you able to lift the threshold for entering the market little higher for them?

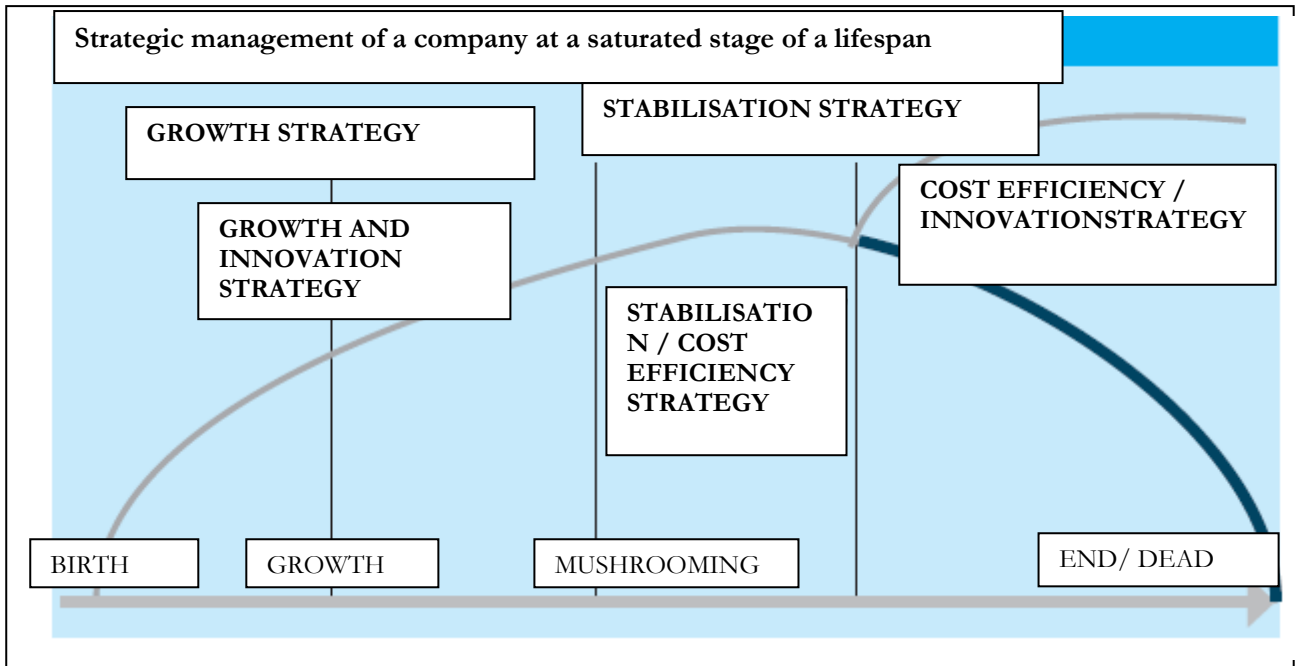

- At a mushrooming stage a mature state in the development of the product is reached where markets become full and saturate gradually. There is a fierce fight at the market for the gained areas. They are vehemently defended by product innovations, differentiation or mergers. Profitability is still reasonably good and it enables transferring of resources to the most important sector of competition.

***What are the growing and diminishing areas of your company or products?***


- A saturated field is an old production field with already low growth. Production is wide and standardized bulk production and its technology is steady and known to everyone. Differentiated markets are sought via segmentation. At this stage a state has still interest in intervening in the control of the markets.

***What kind of possibilities does your company have to obtain new markets by differentiating your products?***


## Strategic management of a company at a saturated stage of a lifespan



### *Saturated markets*

Strategies used at saturated markets include such as cost efficiency, distribution and service or stabilisation strategy. Cost efficiency strategy aims at:

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1) Increasing inner effectiveness by different kinds of rationalisation measures, such as arrangements in production, logistics, work and personnel. For your own part give some thought to these things: Are there any new approaches, new processes or personnel arrangements which would enable making the same work quicker, more efficiently and cost effectively?

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2) An attempt is made to intensify the manufacturing process by innovations and improvements. Are there any new methods to carry out your work, not the way it is written in your work description or in the job specification by your union? Situations change quickly and using your own common sense is allowed.

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3) Attempts are made to streamline work processes in a product's production process.

Is it possible to remove fences between your unit and another unit? Could an operation be carried out in a more simple and quicker way and offer a service without any go-betweens, using a new working method, using better logistics or by using latest technology?

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4) Often the product range is cut down.

How many products do you have in your sortiments? Do you get any logistic advantage in the marketing and transportation of different products? Have you made calculations about the contribution margins for each product separately? Are they profitable as such?

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5) Focus is put to certain services on their cost basis.

Would you be able to bring about increase in profitability if you drop one product / production line / service away from the variety? Here you have to count total costs which rise from a decrease in work and raw material.

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6) Price competition is fought against by rationalisation. Competitors can be dropped out from markets only by keeping oneself competitive. Operations have to be more efficient and above average in the field, or the product has to be a really excellent one. Is there an advantage to be obtained from cooperation with the others by networking? What kind of ways can you find to get to an average cost efficiency in the different production sections of the service?

Define your own service production costs and compare them with those in your rivals' companies and with the average figures in the line of business.


7) In distribution and service strategy focus is on the logistic solutions of a company aiming at a more precise choice of customers.

-Customers are well taken care of and their needs are looked after.

Knowledge about customers makes it easier for the service sector and also helps to take a closer look at customers' problems.

- Would it be possible for your company to make customer selection and concentrate in so called productive contacts or is your company a so called general service company?

How could your company focus its service concept?


8) An attempt is made to simplify the distribution channels and to take from there all possible efficiency advantages for the company. What is the most profitable acquisition and distribution logistics in your company? Are you able to determine logistic chains in the different activities and have you given them any thought? Has the inner logistics system of the company been studied? What kind of a survey has been made of the company's outer logistics?


9) When the two above mentioned strategies are not sufficient then the company tries to stabilise its competition environment via acquisitions and mergers. Has your company bought any competitors or is there probably a company which would be practical to buy from the point of view of your own operations? Would it make sense for your own company to think some kind of cooperation with another company?


10) One possibility which could improve competition are cooperation agreements and allying. Companies hang on to their most important interest groups because competition is hard and getting new customers difficult.

Rationalisation advantages are sought via alliances. In various matters it is always possible to ally with the most effective way which enables joint production or helps to split the production into chains and to allow subcontracting in production, in a country with low cost labour if necessary. After this the products can be assembled in Finland. The total process of production can be intensified and a reasonable part of degree of processing stays in the main country.

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11) Becoming successful in markets with fierce competition requires different kinds of human relations skills from the personnel as well as ability to work together with society's decision makers. At this stage integration of a company's organization works upright in the chain of values. Management, expertise, knowledge, authority, innovativeness, credibility and such are important qualities. How and who should use them? Which interest groups and which possible persons are important in this respect? How could you get close to them in a best possible way?

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12) Companies enter international markets in very narrow sectors, sectors that are advantageous in international markets. A new business idea is established or developed both through inner knowledge and spiritual growth as well as through outer growth. Is the present market area big enough for your products? Does it enable growth in the future? Would it be possible to get into some big company's suction or does your own company have to find its own market for growth on its own? How much development and innovation in your own company do you need to develop? Is this available in your own company or by consulting? At the mature markets of a saturation stage there are also several pitfalls for a company to fall into. With rationalisation it is often forgotten that the whole activity may shrink to such an extent that there are very thin possibilities for the company to become successful.



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One has to make sure that earlier profitable customers remain customers and still want to use your products / services. Which are the excellent factors you have to stick to in your products, activities and services?

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## ***PITFALLS***

Of course, it depends on a company's managers' professional skills how well they are able to see the working environment in the field and its development as well their own company's place in the line of business.

***1) It is easy to get stuck on the old production, old ways and methods. List some most typical pitfalls in your own line of business and in your company:***

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***2) There is probably not enough daring to make all the necessary investments to get new development.***

- Investments to rationalising, to the company, making an input in innovations and development of novelties in order to get a new development going are necessary. They are often innovations which increase cost efficiency and are not necessarily always directed to the product itself. Innovating should be considered a holistic process. One must dare to see bravely far enough.

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***3) Cost efficiency and high prices to get a better profitability may lead to losing customers.***

-Plain rationalisation is not sufficient but also an effort must be made to gain growth and find new aspects

-Putting prices up is a simple way of increasing profitability but at the same time it strains customer relations.

What kind of cost efficiency measures should be done in your company? Is it necessary to put the prices up or is there an alternative to it in the development and rationalisation of the company?

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4) The quality of a product / service is an important competitive factor but this has to be shown to the customer because a customer is not willing to pay for a quality he cannot make any use of. Are the products in your line of business worth their price and do they provide a solution to your customer's needs? Is the price / quality relation right in your opinion? Are you able to define the advantages / solutions of your product / service to your customer?

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**5) Product improvements or new qualities have to be the right to the customer, not just apparent. What are the advantages a product improvement gives to your customer?**

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**6) When company's production grows and demand is becoming slow the extra capacity starts to remain on hand.**

What is there to be done then? When there are rationalising measures, the amount of labour has to be assessed and conclusions thereof must be drawn. The effects of growth, rationalising and employment go to different directions and they have to be assessed all the time. Have you used this kind of a study in your company? What kind of barometers have you used for your calculations of the effects?

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**7) A company's operations are focused and coordinated carefully.**

Activities in an organization show as general resignedness at a saturation stage of the markets. The atmosphere becomes from a supportive to a less developing, growing and interesting, rather just plain minding of practical matters. Because of this many important key persons leave the company. The organization steps in small details instead of creativity and great lines. > Things have to be told openly and it has to be said where we are aiming at, why and what the timetable for this is.

Knowledge can add pain but a realized strategy creates security > Training for a change and to make the strategy work. What kind of information do you need and what kind of training?

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***8) At a saturated stage or at the end of a lifespan the most important way of management becomes a tight budget including budgeting and control as well as a tight control of working capital.>***

It takes creativity away from the work. What kind of measures could you use to increase sense into your work and to improve your working atmosphere?

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### ***EVALUATION CRITERIA***

Evaluation criteria of the economy could include such as the following:

1) Cost efficiency, surveys of cost structure in relation to the line of business or to competitors as well as production innovations which improve cost efficiency. What kind of barometers can you show from your own operations section?

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2) Means of motivation of a company include a good working atmosphere, training possibilities, career development as well as a pay which is based on performance because the company wants to encourage its workers to put their focus in to productivity and cost efficiency. What would an encouraging pay look like in your own job to your own opinion?

Do you think now that you have an encouraging job? What other kinds of encouraging things do you see in your work?

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To keep customers' interest a company could try to develop new kinds of service or business activities. Do you have a possibility in your job to develop such?


At the end stage of a company's lifespan product markets start to die down.

• ***The margins from the products shrink and product ranges are cut down to just a few profitable products.*** This means that when income flows run dry attention has to be paid only to the most essential and important products.

What are the focused products in your company?

Has there been any product culling during the past few years? What kind of?


• ***Company's product research and development decreases because there is faith in the old established product and operations easily remain within the own company.***

Has there been any surveys in your company where you have gone through the lifespans of your own products and customers' interest to your products.

What kind of observations do you have of this?


• ***Competition between companies has reduced competitors to a minimum at the markets. At the markets an oligopolistic competition dominates, that is there are only a few big actors at the markets.*** At what kind of a stage is your own company? Does it have any possibilities to become a big actor?

Please write down your own comments!

- ***Company's management does not want to believe that the own company is dying down but hopes this to be just a temporary downswing.***

This is due to the fact that recession does not come at once but unevenly, insidiously and slowly. What kind of signs of dying down have you noticed in your own working environment?

- Depending on how a company reacts to the development, this may either accelerate or slow down a recessive development trend. If the realised development and situation where the company is in are not accepted, this could prevent it from recognising a recessive development trend. Accepting this development stage brings about quick measures to correct the situation.

It is not at all easy to stop an activity. This is why a delayed action is fought depending on the maintenance of one's own workstation, economic situation or social status.

***What kind of observations can you see in your own operational environment?***

- ***A company has to look after its customers. If they can't hold of their clientele the company's value will sink.***

With which methods can you keep your own customers faithful to the products or services of your company?

***When a company's income flow becomes dry, fights inside the company are an increasing resource.***

In such a situation one should recognise the pitfalls of a recessive field:


In a theoretical observation similarities can be found in the competing markets' features of a recessive stage. When there is no money left, there will be an increasing amount of fights.

- At the markets of a recessive stage a company seeks for a leading position by a strong share of the market.

One's own strong position is defended by a few strong and important segments.

- Dying markets are made use of down to the last moments by giving up slowly and changing markets to money early enough when this is still possible.

- Sunset industries fight a bloody price war, like in commodity markets.

An attempt is made to influence the markets by changing the structures of the field.

- Companies try to lower their high fixed costs by buying additional capacity from the markets.

This is how a company tries to obtain a dominating market position.

If a company cannot get out of the markets it can differentiate its operations.

- It is not always necessary to keep a strategic position even though the company would have plenty of resources. Hanging on too tightly on one's position on the market

uses the company's former wealth and does not promote its position as a whole.

- If companies do not want to meet each other in a competitive sense at the markets they can divide the markets for securing their profits. Companies which are coming close to a bankruptcy cause imbalance at the markets because they can start a wide dumping of products.

#### **2.3.4. Evaluation criteria and reasons of the strategy chosen by the company**


### **3. Building of the vision of the company**

#### **3.1. Time span 20\_\_ - 20\_\_**

A vision can be built to a time span of 5 to 7 years when it can follow a rhythm according to the lifespan theory. At the beginning energy is used to make a change for about two years, after that another two years are used to create growth and operate in a way that has been set in the strategy at full speed. Later at the saturation stage people start to discuss who had been able to create increase in operations and this will lead to disputes, a challenge to the authority of the management, etc. After this a falling development starts and then it is time to check the strategy as well as the management. At this point seven years of time have passed. It would be favourable to start a strategy development when the managing director changes.

***Your own comments:***


### **3.2. Objective of where the company wants to be after 5 to 7 years**

***What kind customers are we going to have during the next 7 years?*** Make a study of the different customer segments and compare their suitability to your company.


***What kind of products / services the company has after 7 years?*** Which are the company's areas of operation / market areas during the 7 years?


***-What are the successful parts in the vision?***


*-What are the unsuccessful parts?*


*-What are we going to take with us from the past?*


*-What kind of building of new things do we want to take part in ?*


*Our new vision for the 7 coming years is the following:*


4. Company's new basic values



#### 4.1. Define the company's values according to the stage of development on the lifespan

Do not fasten any changes to the company culture

Show a new kind of approach, behaviour and attitudes to the people

Point out how new methods and ways of actions improve services and productivity

People have to be shown in the right connection

The core ideology keeps the organization together during a hard dispersion, differentiation, global expansion and different kind of job development

##### ***Central values***

There are no universally applicable and international lists of central values

For instance,

- Sony does not need any customer service

-Disney has no respect for individuals

- Wall Mart does not need quality

-HP does not focus the markets

-Nordström does not do any team work

##### ***Values are a part of operational actions and strategy creation***

The most important matter is not what kind of central values an organization has but that it does have some

A company cannot have many values and therefore it is important that you give a careful thought to them and decide which are essential.

There is a danger of mixing them with operational practice and business strategies

The values have to sustain the changes time will bring.

##### ***1. Values of your company / society 3-5 of them***

1.

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2.

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3.

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4.

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5.

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##### ***The main function***

When thinking about the main function, think why we are here?

Why is it just our idea to do it?

Do we ourselves understand our values and those values we are going to make?

When you are listening to people you may hear them talk of their achievements.

Then you may perhaps know a little more of your company's purpose, things and importance per share.

#### **5 Why**

5 times why

##### ***1. Why do we exist?***

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*2. Why is it just us who have to do what we are doing?*

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*3. Why is it not someone else doing this what we are doing?*

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*4. What are our values and how do they correspond to what we are going to do?*

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*5. Why do we have to offer just this particular product to our customers?*

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*Other observations*


*Checking of values in a time span of 5 to 7 years*


#### 4.2. Defining the strategy

*The business idea of our company is as follows:*

<table> <tr> <td> <b>Competition role</b>  Market leader </td> <td rowspan="4"> <b>The most important features of a role</b> <ul style="list-style-type: none"> <li>• biggest company in the lines of business or in the area</li> <li>• the one showing the direction for marketing</li> <li>• esteemed brands, good image</li> <li>• can also be slow and oldfashioned</li> </ul> </td> </tr> <tr> <td>Challenger</td> </tr> <tr> <td>Copier</td> </tr> <tr> <td>Speliazzer</td> </tr> </table>	<b>Competition role</b> Market leader	<b>The most important features of a role</b> <ul style="list-style-type: none"> <li>• biggest company in the lines of business or in the area</li> <li>• the one showing the direction for marketing</li> <li>• esteemed brands, good image</li> <li>• can also be slow and oldfashioned</li> </ul>	Challenger	Copier	Speliazzer	
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Challenger						
Copier						
Speliazzer						

#### 4.3. Competitive factors

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#### 4.4. Define the importance of the goals of your company

Target of analysis	Importance of the matter: 1= very good, 5 = very bad	Situation in your company now: 1= very good, 2= very bad
<b>1. Profit goals</b>		
Profitability	1 2 3 4 5	1 2 3 4 5
Return on invested capital	1 2 3 4 5	1 2 3 4 5
Cost control	1 2 3 4 5	1 2 3 4 5
<b>2. External competitiveness</b>		
Market share	1 2 3 4 5	1 2 3 4 5
Growth	1 2 3 4 5	1 2 3 4 5
Flexibility	1 2 3 4 5	1 2 3 4 5
Operations ethics	1 2 3 4 5	1 2 3 4 5
Customer satisfaction	1 2 3 4 5	1 2 3 4 5
<b>3. Internal effectiveness</b>		
Liquidity	1 2 3 4 5	1 2 3 4 5
Solidity	1 2 3 4 5	1 2 3 4 5
Turnover of receivables	1 2 3 4 5	1 2 3 4 5
Turnover on accounts payable	1 2 3 4 5	1 2 3 4 5
Level of knowhow	1 2 3 4 5	1 2 3 4 5
Level of technology	1 2 3 4 5	1 2 3 4 5
Functionality of orga	1 2 3 4 5	1 2 3 4 5
<b>4. Other goals</b>		
Comfort of personnel	1 2 3 4 5	1 2 3 4 5
Ability to reform	1 2 3 4 5	1 2 3 4 5
Product research and development	1 2 3 4 5	1 2 3 4 5
Satisfaction of interest groups	1 2 3 4 5	1 2 3 4 5

*Name next the three (3) most important goals of your company*

1. \_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

\_\_\_\_\_

3. \_\_\_\_\_

\_\_\_\_\_

*Demands set by competitive factors*

**5.1. Products / Services**

**The modernity of our products / services**


**Need for product development**


**Our marketing area and segment now:**


**Our clients now**


Modernity of products / services

Need for product research and development

*Our market area and segment right now:*


*Our customers now*


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*Customers after 5 to 7 years*

## 5.2.Management

*Evaluation of the way of management*


*Reform needs of management*


## 5.3.Personnel

*Professional skills at the moment*


*Demands for professional skills in a time span of 5 to 7 years*


*Need for training in 5 to 7 years*


*Need for recruitment*


5.4. Economic expectations in our company\_\_\_\_\_Ltd.

*Solidity/ own capital*




*Debt*


*Need for borrowing*


*State of return*


*Effectiveness*


*Profit / cost relation*


*Costs per product*


*Costs per worker*


*Costs per used m2 (square meters)*


*Development of customer rate / customers during 5 to 7 years*


*Need to re-organise: Is there a need for cooperation or company mergers*


*Need for alliances: With what kind of companies?*


*Different types of cooperation in the line of business*


*Mergers*


**5.5. Need for checking of values and aims in a 5 to 7 years time span**


**5.6.What kind of demands is there to the innovativeness of the company?**


**6.Operations of our Company Ltd. \_\_\_\_\_ in a nutshell in 5 to 7 years time**

**6.1.Our visions**


**6.2. Our strategies**


**6.3. Our competitive factors**


#### 6.4. A focused goal and the marginal terms to get there ‘


#### 6.5. Important observations


### 7. Strategies that come up to the goals of our company

#### 7.1. Economic strategy and control barometers


#### 7.2. Our service strategy and its barometers


### 7.3. Our customer and partnership strategy and its barometers


### 7.4. Our personnel strategy with which we will be successful and its barometers


### 7.5. Operational goals of your company to create success

#### 7.5.1. Areas of focus in your company

Period of the financial performance:\_\_\_\_\_

***Focus1.***

***-point of development***\_\_\_\_\_

***Goal for yields 1.(where we should get) Maximum***


*Goal for yields 2.(where we should get) Minimum*


*Measures (what kind of measures should we use to be able to realise the focus)*

	Person in charge	Timetable	

Person in charge Timetable Period of the financial performance:


*Focus 2.*

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*-point of development*

*Goal for yields 1.* (where we should get) Maximum

*Goal for yields 2.* (where we should get) Minimum

*Measures (what kind of measures we should use to be able to realize the focus)*

	Person in charge	Timetable

Person in charge

Timetable

*Period of the financial performance:*

*Focus 3.*

*-point of development*

*Goal for yields 1.* (where we should to get) Maximum



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**Goal for yields 2.** (where we should get) Minimum

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**Measures** (what kind of measures we should use to be able to realize the focus)

	Person in charge	Timetable

### 7.5.2.The focus in the three most important operations sections

#### Operations section 1.

##### *Period of the financial performance*

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##### *Focus 1.*

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*-point of development* \_\_\_\_\_

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*Goal for yields 1.* (where we should get) Maximum \_\_\_\_\_

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*Goal for yields 2.* (where we should get) Minimum \_\_\_\_\_

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*Measures* (what kind of measures should we take to be able to realize the focus)

	Person in charge	Timetable

Period of the financial performance:  
*Operations section 2*  
*Period of the financial performance* \_\_\_\_\_

*Focus 2.*

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*-point of development* \_\_\_\_\_


**Goal for yields 1.** (where we should get) Maximum \_\_\_\_\_


**Goal for yields 2.** (where we should get) Minimum \_\_\_\_\_


**Measures** (what kind of measures should we use to be able to realize the focus)

	Person in charge	Timetable

**Operations section 3**

Period of the financial performance \_\_\_\_\_  
Focus 3.

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*-point of development*

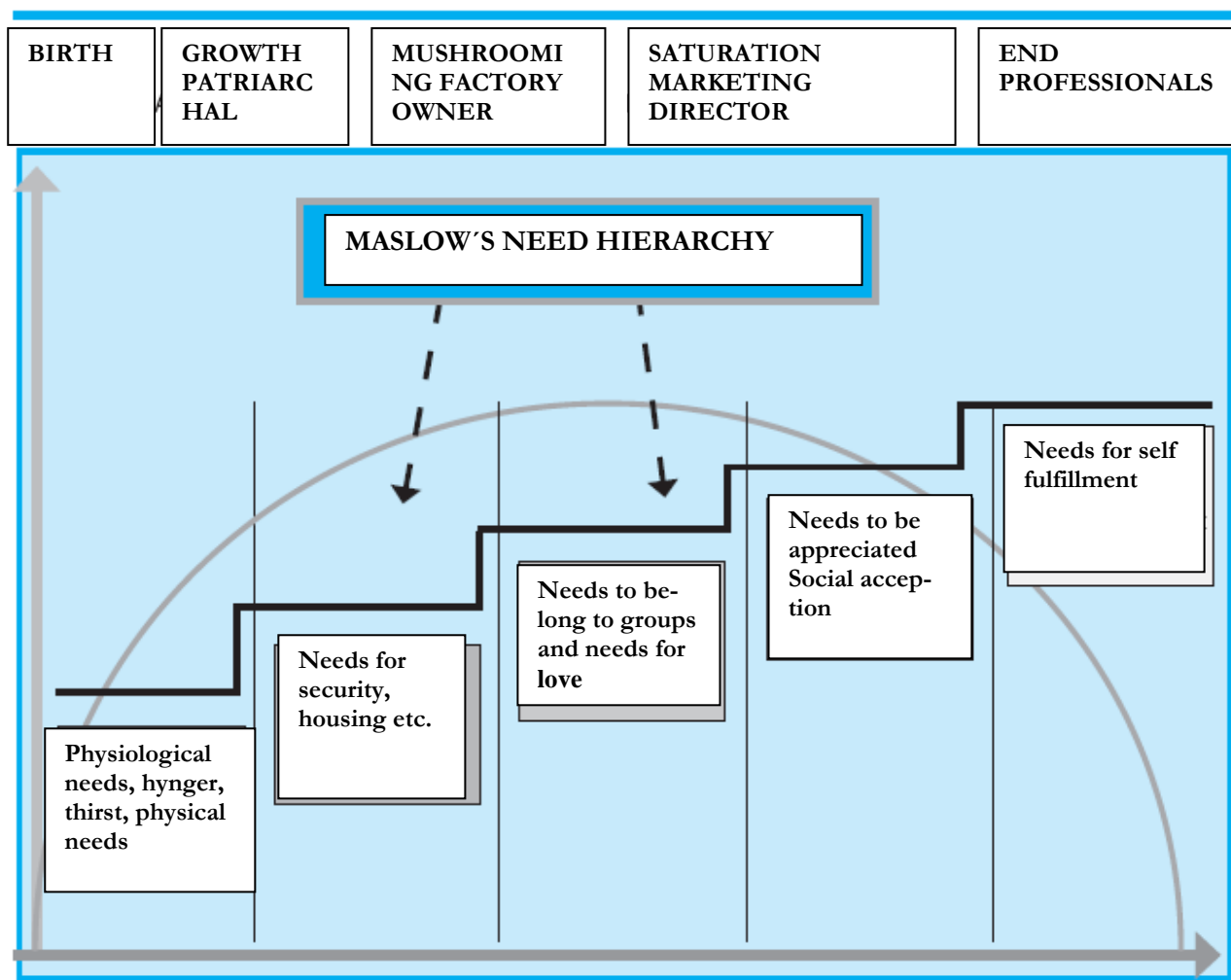

*Goal for yields 1.* (where we should get) Maximum



*Goal for yields 2.* (where we should get) Minimum

*Measures* (what kind of measures we should take to be able to realize the focus)





## MASLOW'S NEED HIERARCHY

Need for security is what a person expects of an organised, stable and predictable world.

These need have been satisfied in healthy adults but a lack of them can be seen in small children, neurotics and people who have grown up in an insecure environment.

A child as a helpless and dependent human being needs to have guidance, routines and discipline. If they are not available it can cause anxiety and insecurity. A child becomes restless if there is too much leisure time. A person who is living in an insecure environment and uses a lot of time and energy to protect himself and his position, becomes distressed and restless. A balanced adult whose basic security is in order, is open to new things and also to unexpected incidents.

Need for love and togetherness comes forward when physiological needs and need for security have been satisfied. A person starts to look for love and good relationships with other people and wants to belong to different kinds of groups. He wants to start a family, have good relations with his circle of friends and to belong to a work community. In a globalising and ever differentiating world these are ever harder to achieve.

There are two kinds of need for esteem: a need to be respected by the others and on the other hand have respect to one own self. Poise, trust, independence and freedom are parts of a good self-esteem. Acceptance, respect, attention and social position

are required to become respected by others. If these needs have not been satisfied, a person will feel depressed, weakness and inferiority. A sound and realistic conception of one's own abilities and of the respect from the others improves a person's self-esteem.

Needs to satisfy oneself is on the highest level of development. They are believed to spur those equipped with top know how to top performances. Motives for development can be divided into spiritual and aesthetic motives and self-fulfillment. Spiritual motives include such as the needs for searching, knowing and understanding. Aesthetic motives can be described with words like creating something new, beauty and experiences. Self-fulfillment is strongly characterised by the development of one's own talents and resources.

People of self-fulfillment can be divided based on certain qualities such as: awareness, honesty, desire for freedom as well as creative persons.

When Maslow's need hierarchy is studied in the light of lifespan theory brings out new dimensions. In a country at a birth stage people's physiological needs are important and people's activities are controlled by hunger and thirst. In such a situation people cannot concentrate in work. Natural economies, nomads and societies living out of nature are such societies. Motive for work is to get food or money with which you can buy food. Wages are minimal and people are mainly doing performing, monotonous and heavy work. Demand for commodities is still low because people mainly make the things themselves.

When physiological needs have been satisfied people pay attention to their security needs. They need order. They establish a state and different kinds of common organizations and also start a family and build a house to protect the family. People's motive is now to become wealthy. They start to save money to be able to buy housing. Wages rise. Demand mechanisms develop into the economy. Markets for buyers and vendors come about which are regulated by demand and supply. Economy develops and grows at a great speed. Societies become industrialised, good examples of which are the developing countries in Asia, such as the Asian Tiger countries. In general, at the growth and mushrooming stage, countries of Porter's industrialised stage can be assumed to belong of the stage of Maslow's need hierarchy where security needs are being used.

At saturation or innovation stages needs of togetherness and love are of importance. According to the lifespan theory this belongs to the saturation or innovation stage. Material wellbeing has risen. It is important to look for one's own identity. A person wants to define oneself as one part of a society. Various organizations, interest groups, parties and unions are established at this stage. Industries which make use of their production in a global way uses this stage when it locates its factories and production stages in to countries that are in different development stages.

Need for respect and social acceptance grows when people's standard of living rise. A need to become accepted and respected in the working life increases. This can lead to a decreasing will to take risks and also to a weakening productivity in the society. Leisure time and self-fulfillment are important factors to people. Productivity in a society has to be increased all the time when the welfare relation of a society becomes weaker. The work of a smaller number of people keeps up the welfare of the major part of the population. The higher the needs for self-fulfillment proceed the closer is the end of a lifespan. Society is on its way to a wealth society where all kinds of entertainment and welfare services, as well as services providing hedonistic services and industrial field become common. Public sector tries to provide almost all services the people need: Childcare, education, health care, care of the aged people, environmental questions, culture, security and other fields. This may lead to decreasing self-help.

How would you describe the Finnish society, public sector and its position on the steps of Maslow's need hierarchy? How do you think this will apply to the development of your own country? Think this matter as how to place the products, markets, workers and production plant of your own company.





	PERIOD	MANAGEMENT METHOD	PRODUCT	TARGET OF MANAGEMENT
I	AGRARIAN SOCIETY	MONARCH CLASS SOCIETY	CULTURE, FOODSTUFF SOCIETY	ESTATES, FAMILY
II	INDUSTRIAL SOCIETY	DICTATOR FACTORY OWNER	TOWNS OBJECTS	PROCESSES
III	MARKETING SOCIETY	DEMOCRACY, LABOUR MARKET ORGANIZATIONS	PARTIES, PRODUCT	CUSTOMER
IV	INNOVATION SOCIETY	PROFESSIONAL NEW FACTORY OWNER	SERVICE, SOLUTIONS	HUMAN BEING

<b>PATRIARCHAL OWNER</b> - orders, obedience - operations under one decision maker - workers are performers, - not important, - worker reserves available - manager –centred, - role of manager important	<b>FACTORY OWNER-DICTATOR</b> -supervision of work, orders downwards step by step -skilled subordinates -foreman, vertical -working specialised - standardized and guided -manager important -organization important	<b>MARKETING MANAGEMENT</b> --delegation, able workers -skilled workers -independent able workers, who report to their superiors -cooperation and team work -manager's visions -organization, workers important	<b>JOINT MANAGEMENT</b> - -professionals, independent able workers - specialization -people important -cooperation on the different levels of company and between companies - visions, ideas, small hints, realizations - organization not important -cooperation, cooperation networks important
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When the lifespan proceeds to a growth stage and all the way to mushrooming or industrial stage the way of management is dictator-like where factory owners act as managers. Management work is assisted by foremen who give orders to their subordinates stepwise downwards. Work is specialized, standardized and guided. A manager plays an important role in the management process and the importance of organization increases as a tool for management. During the period of an industrial society towns are being established. In industrial production processes different kinds of objects and commodities are manufactured. Management objects are the different kinds of processes and a whole production entity.

Towards the end of the mushrooming stage or at the saturation stage or in Porter's theory a marketing or innovation society democracy and the meaning of labour market organizations as well as party policy are emphasized. Production object is a product and that of management a customer. People are approached from a view point of sales and marketing. Management is focused in managing people. Skilled workers are an asset in the company and delegation is the order of the day in the management. Independent skilled workers are wanted into the organization who will report to their superiors. Cooperation and different kinds of teams are tools in the strategic planning, different projects and realisation. The most important tools of management are the visions which are the base for the strategies. Visions are important in the success of a company. Workers' knowledge and professional skills are emphasized and a company tries to get workers equipped with many skills for their service.

At the saturation and end stage of a society's lifespan when people are living in an innovation society professionalism is important in the management as well as professional skills. Knowhow plays an important role and thus the way of general management is of minor importance. A new director is wanted in the management, someone who is able to see entities and has a visionary ability to see the future development. Alternative service solutions are sought to resolve people's problems and satisfy their needs. People as a whole are in the focus together with all his needs, desires and fears. Cooperation is the most important instrument for management. Workers commit to their own professional skills and knowhow and this way secure their transfer from one profession or job to another or from one company to another. They are no longer committed to the company. This is a means by which people may stay harmonious in the changing situations of the working life. Workers must specialise. Professional workers with many skills and able persons are important to the company. Cooperation and networking are carried out on the different levels of a company as well as between companies. Making visions is in the focus of strategic planning. Small hints and realisations lead to new ideas and inventions when a product or a company is further developed. The importance of decreases but the importance of cooperation networks is emphasized.

## **8. Strategy for the year 20\_\_\_\_ of Company Ltd.**

Work through the latest financial plan and look for the contradictions there are between the operations and the budget. Such could be the following:

- Quality of operations is so called 'over service' meaning that service is too individualised unless it is used as a focus of the company or as a marketing tool.
- New needs are being sought in the company when there should be an intensified use of resources going on in the company and the interest should be directed towards improvement of work efficiency.
- The company has to think over which sectors are growing and how much. It must be aware of how much input there is in that growth and is it in line with the company's strategy as a whole.
- Company's different units or sections have to learn to make themselves responsible for the development and company's economy as well as focus of the operations and to develop operations in the own unit within the frames provided by this new concept of responsibility.

Company managers, departmental managers and rapporteurs have to direct operations to a direction of the company as a whole and not to use them for their own goals.

### **8.1. Strategy of a company**

What are the focus points in the latest plan of action of your company?

***Those of the a company:***

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*Those of the unit/department:*


*Conclusions:* \_\_\_\_\_


## 8.2. Economic plan of the company

*What kind of matters dealing with company's operations and development are in the focus in the latest economic plan of the company?*


*Conclusion:* \_\_\_\_\_


This image shows a full page of a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

I wish you all success in this demanding work for the good of the wellbeing!

He has many sided education:  
Ph. D in Social Sciences in 1999, Licentiate in the Science of Entrepreneurship and The Economy of the Companies 1997 in the University of Kuopio  
Agronomis 1983, Master of Arts in farming and forestry 1986 in the University of Helsinki  
Master of Arts in geography 1977 in the University of Oulu  
Asian PD 1998 in the Professional faculty of Seinäjoki, EU Studies in marketing 1991 in Luxemburg



He has been as a Docent at the University of Eastern Finland in Cooperative Studies since 2003 and earned Ph.D in Social Sciences 1999 in the University of Kuopio. He has been as a Mayor (Municipal manager in Maaninka 1999-2006 and in Jalasjärvi 2006-2013. He was working in the Co-Operative banks in Finland: as the bank manager in Sotkamo and Kuopio and an executive manager in Kyrönmaa. He has been working also as a general secretary in the biggest Wholesaler Kesko in Finland. He was also as a researcher in the University of Oulu in the 70's. He has published 10 books about the life cycle of the societies, global strategies and forecasting the future development, Many researches and reports concerning countryside, farming and depopulation of the countryside. He has been as trustees in many organizations and societies at the local, regional and state level. He is an active science writer.

**Dr. Esko Kalevi Juntunen**

# STRATEGY GUIDE A LIFESPAN JUMP TO GROWTH

*At the right time - with the right products - to the right markets*



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