Definition: Operations strategy is an essential part of the overall corporate strategy that specifies plans and policies to reconcile market requirements and operational resources. It is vital for long-term strategic success and to remain competitive in the market. This is because, without a good strategy, companies may lose their market share to competitors. It creates the best plan for the operations functions to optimize the use of the resources. Besides, it plays a crucial role in implementing pre-devised business strategies. After setting up a business enterprise, managing it becomes a difficult task. Complexity arises due to the involvement of several dimensions, which are dynamic. Companies create various strategies for vital aspects of the business to simplify things. Thus, they make three types of strategies listed below: Corporate Strategy Business Strategy Operations Strategy Corporate strategy is nothing but the overall strategy about what the business is. Secondly, business strategy concerns the product, market, competition, etc. And, operations strategy ensures the successful implementation of a business strategy by managing operational resources. Content: Operations Strategy What is Operations Strategy? It specifies the design of the deployment of resources across the company. If we break the key phrase into two, we get two solid terms, 'Operations' & 'Strategy'. Here, Operations stand for that part of the company which involves everything from creation to delivery of products and services. Strategy is the set of plans and policies heavily focused on achieving something. Strategies also answer two vital questions: Where to go? How to go? Besides, you may get confused between operations management and strategy. There is a significant difference between both of them. Operations management is concerned with day-to-day activities that are for the short term. And, strategies are for the long-term and effective implementation of the company's business strategy. Examples of Operational Strategy It is observed that successful and competitive companies do have a robust operational strategy. We have taken the examples of some top-performing companies – IKEA and Toyota. IKEA It is famous for its excellent operational efficiency. They offer modern furniture, most of which is produced in-house. IKEA made a fantastic strategy of merging retail facilities and warehouses. As a result, they registered a significant reduction in storage and distribution costs. Toyota Another example of a company for attaining a high degree of efficiency in operations at a global scale is Toyota. Some crucial aspects on which they have achieved expertise are: Toyota Production System Re-engineering Superior Technology & Quality Hybrid Vehicles Employee Welfare Costs Employee Satisfaction Operation Strategy Matrix It is a tool for assessing the significant factors affecting company operations. Also, it helps take strategic decisions and reduce risk. This matrix intersects the company's performance objectives with the decision area. The strategic decisions taken based on the matrix are concerned with the following: Capacity Supply Network Process Technology Development and Organization Furthermore, the above decisions are taken considering factors like: Cost Quality Speed Dependability Flexibility Framework It encompasses all practices and processes working towards fulfilling its organizational objectives. The framework consists of four views for the overall business strategy. Managers can hold all four views simultaneously or stick to a single view of strategies. Top-down Approach: It expresses the entire organisation or group's desires, goals and beliefs. Bottom-up Approach: The strategy is based on the cumulative experience while moving upwards. Inside-out Approach: It disintegrates marketing decisions into operations decisions. Outside-in Approach: It explores the capabilities of resources in chosen markets. Decisions The main objective behind strategizing operations is to improve the function's performance. It determines the optimum flow of operations by creating some decision areas explained below. Capacity Strategy: It determines the facility's capacity and installed equipment configuration. Some critical decisions are as follows: Overall capacity level Facility location distribution Size of the facility Supply Network Strategy: It handles the relationship and dependency between various operations. This strategy largely depends on the type of market, customer or suppliers the company serves. Process Technology Strategy: These decisions involve selecting equipment types and production procedures. Majorly, it includes decisions like the latest technology to be used for production. Human Resource Decisions: Such decisions are related to human resource selection, organization and development. Also, the roles and mix of skills they should provide to contribute to the management of the operation. Inventory Strategy: This involves decisions about the storage of inventory and its location. Also, what should be the sourcing policies and the material control system to be used. Planning and Control Strategy: It relates to how the operations should plan its future activities. Besides, the company also decide the allocation of resources to meet its demand expectations. Development and Organization: Such decisions ensure optimization in day-to-day operations. Components or Elements of Operations Strategy The company uses this strategy to allocate resources to carry out business goals. However, they must keep the following essential elements in mind while strategizing: Production System: It is responsible for converting resources into finished goods. Companies must have a system with a clear workflow and top-class supply chain management. Facilities: To function correctly, companies must manage all the production facilities. These facilities must be equipped with safety procedures, inventory management, etc. Product or Services: Companies focus on creating and maintaining the quality of their products and services. They also read and analyze the product's life cycle to formulate strategies. Technology: The future operational plans must also consider the latest and upcoming technology trends. For this purpose, companies make use of market forecasting tools. Resources: A dotting operations strategy considers all the available resources in the organization. Relationship between Business Strategy and Operations Strategy Business strategy is the base for operations strategy. However, both of them are interdependent. It requires the operation to work appropriately to fulfil the goals set in the business strategy. Companies can only ensure this through the successful implementation of an operational strategy. Final Words This strategy manages the resources and processes to outperform business activities in the long run. It includes all the activities from production to distribution. There are many best ways to formulate a strategy. Companies often debate whether the strategy should be: Internal Resource-based Fully external Market-driven Some companies may combine both internal and external considerations. Also, they tend to innovate by intelligently formulating strategies about technology and demand. Operations strategy is the plan that outlines how an organization will use its resources effectively to achieve its business goals. The decision-making framework guides the processes, technologies, and workforce in an organization's operations to create the highest level of efficiency possible. Here are some key elements of an operations strategy: Resource Utilization: This includes how the organization uses its physical resources, such as facilities and equipment, and its human resources, such as employees' skills and knowledge. Process Design and Improvement: This involves designing and refining processes to make them more efficient and effective. This could include improving manufacturing processes to make them faster or less wasteful and streamlining service delivery to enhance customer satisfaction. Supply Chain Management: This involves managing the movement of goods and services from suppliers to customers. It could include strategies for managing supplier relationships, inventory management, logistics, and distribution. Quality Management: This focuses on ensuring that the organization's products or services meet certain standards. This could involve quality control, quality assurance, and continuous improvement strategies. Technology and Innovation: This includes how the organization uses technology and innovation to improve its operations. This could involve adopting new technologies, developing innovative products or services, or implementing innovative process improvements. Customer Service: This focuses on how the organization meets the needs of its customers. This could involve strategies for improving customer satisfaction, increasing customer loyalty, or attracting new customers. An operations strategy should align with the organization's overall business strategy and support its mission, vision, and objectives. It should be flexible enough to adapt to changes in the business environment and provide a consistent framework for decision-making. Broadly, operations strategies can be categorized based on the competitive priorities of a company. Here are a few common types: Cost Strategy: This type of operations strategy focuses on keeping production and operational costs as low as possible without sacrificing quality. Companies with a cost strategy often emphasize efficiency, streamlined processes, and economies of scale. Many companies in highly competitive markets, such as retail, might prioritize a cost strategy. Quality Strategy: In this case, the focus is on producing high-quality goods or services that stand out in the marketplace. This might involve rigorous quality control processes, superior materials, or highly skilled labor. Many luxury brands emphasize a quality strategy. Flexibility Strategy: Companies with a flexibility strategy prioritize their ability to adapt quickly to changes in the market. This might involve flexible manufacturing processes that can quickly switch between different products or offer a wide range of customizable products or services. Delivery Strategy: This strategy emphasizes the speed and reliability of delivery to the customer. This might involve efficient logistics and distribution systems, reliable order fulfillment processes, or quick service turnaround times. Many e-commerce businesses emphasize a delivery strategy. Innovation Strategy: Companies with an innovation strategy focus on creating new or significantly improved products, services, or processes. This might involve a strong emphasis on research and development, a culture encouraging creativity and risk-taking, or a process for quickly bringing new ideas to market. Innovation Strategies: Explained with examples and framework Service Strategy: This strategy focuses on providing superior customer service. Companies that prioritize a service strategy may invest in training and developing their customer service staff, implementing customer relationship management systems, or finding ways to exceed customer expectations. Service strategy: Explained with Examples Remember, these strategies are not mutually exclusive. Many companies may aim to excel in more than one area. For instance, a company might strive to provide high-quality products quickly and at a reasonable cost. The key is choosing strategic priorities that align with the company's overall business strategy and help it differentiate itself in the marketplace. Developing an operations strategy involves several key steps. Here's a general guide: Understanding the Business Strategy: The first step is understanding the organization's overall business strategy. This includes the organization's mission, vision, and strategic objectives. The operations strategy should align with and support this overall business strategy. Analyzing the Operating Environment: This involves analyzing the internal and external environment in which the organization operates. This could include analyzing the organization's current operations, competitors, market trends, technological developments, and other relevant factors. Identifying Operational Objectives: The next step is to identify the operational objectives based on the business strategy and the analysis of the operating environment. These are the specific goals that the operations strategy should achieve. Developing the Operations Strategy: This involves deciding on the specific strategies that will be used to achieve the operational objectives. This could include decisions about process design, resource utilization, supply chain management, quality management, technology and innovation, and customer service. Implementing the Operations Strategy: Post developing the operations strategy, the next step is implementing it. This could involve changing processes, systems, and structures; training and developing employees; and managing change effectively. Monitoring and Adjusting the Operations Strategy: Finally, it's important to monitor the performance of the operations strategy and make adjustments as necessary. This could involve regularly reviewing key performance indicators (KPIs), getting feedback from employees and customers, and staying alert to changes in the business environment. Remember, developing an operations strategy is not a one-time event. It's an ongoing process that should be revisited regularly as the business environment and the organization's objectives change. There are several models for operations strategy, but one of the most widely used is the Hayes and Wheelwright Model (also known as the Four Stage Model), developed by Robert H. Hayes and Steven C. Wheelwright in their book, "Restoring Our Competitive Edge: Competing Through Manufacturing." The model describes four stages of manufacturing effectiveness: Stage 1 – Internally Neutral: At this stage, the company's goal is not to mess things up; operations are seen as a necessary evil. The focus is on cost minimization and avoidance of any major issues. Manufacturing does not contribute to the company's competitive advantage. Stage 2 – Externally Neutral: In this stage, the company looks outside, comparing its operations with competitors and aiming to match industry standards. The objective is to catch up with and meet external best practices. Stage 3 – Internally Supportive: A company's operations align with its overall business strategy. The company tries to provide a level of operational performance that differentiates it from its competitors. This might involve offering higher quality, faster delivery, lower cost, or more innovative products. Stage 4 – Externally Supportive: In this final stage, the company's operations strategy is a step ahead of the competitors and becomes an active weapon to enhance its competitive position. Operations not only follow the business strategy but also enable and drive it. The company seeks to change the competition rules in its favor by leading industry change. The goal is to progress from stage 1 to stage 4, turning operations from a neutral function to a strategic one that actively contributes to the company's competitive advantage. This model provides a roadmap for this progression and helps companies identify their current position and understand the steps they need to take to improve. Here are examples of operations strategies from different companies: Amazon – Cost and Delivery Strategy: Amazon has focused heavily on cost efficiency and quick delivery times. They use a vast network of warehouses and advanced inventory management systems to reduce costs and ensure quick delivery. They also continually invest in technology to automate their operations and improve efficiency. Their operations strategy supports their overall business strategy of being the go-to online retailer with a wide selection of products, low prices, and fast shipping. "All-Inclusive" business model of Amazon Prime Apple – Quality and Innovation Strategy: Apple's operations strategy focuses on high-quality products and continual innovation. Their operations include strict quality control measures and heavy investment in research and development. This strategy supports their overall business strategy of offering premium, innovative products that provide a superior user experience. What does Apple do | How does Apple make money | Business Model Tesla – Innovation and Sustainability Strategy: Tesla's operations strategy centers on innovating in the electric vehicle market and promoting sustainability. For instance, they operate a 'Gigafactory' for battery production, aiming to produce more lithium-ion batteries for their EV battery requirement. This supports their overall business strategy of driving the world's transition to electric vehicles. How does Tesla make money: Business Model & Supply Chain Analysis Zara – Flexibility and Speed Strategy: Zara's operations strategy is based on speed and flexibility. They have a fast fashion model where they quickly move designs from the runway to the store, often bypassing steps that traditional retailers use. This quick turnaround allows them to respond to changing fashion trends faster than competitors, which supports their overall business strategy. Southwest Airlines – Cost and Service Strategy: Southwest's operations strategy is focused on cost efficiency and superior customer service. They maintain a fleet of identical aircraft for simplicity and cost savings and have a point-to-point operation rather than the traditional hub-and-spoke airline routing system. At the same time, they invest heavily in employee training to provide friendly, personal customer service. Their operations strategy supports their business strategy of being a cost leader with a fun, friendly image. A unique take on Southwest Airlines Strategy These companies' operations strategies align with their overall business strategy and help them achieve their strategic objectives. Organizations rely upon different strategies to achieve their business goals and survive in today's competitive business environment. These strategies are planned for the long-term and carry a broad range of activities. Generally, an organization develops three different strategies i.e. Corporate Strategy, Business strategy, and Operations or Functional strategy. The corporate strategy revolves around the objectives of the organization, core competence, and gaining competitive advantage in terms of products and/or services. On the other hand, market segmentation and priorities that are based on a competitive market scenario for products/services come under the preview of business strategy. Operations related activities fall under functional strategy as it includes operational tasks to develop products such as effective management of productivity, capability, flexibility, quality, production cost, delivery, etc. Definition Authors Slack and Lewis have defined Operations strategy as the whole system of decisions that are aimed at shaping both the long-term capabilities of operations irrespective of their type and their contribution to the overall strategy achievement. In other words, operations strategy consists of a series of decisions that organizations take in order to implement competitive business strategies. Operations strategy supports in linking operational-level decisions i.e. both short-term and long-term, to corporate strategy. This is also considered a process of making key operations decisions by maintaining consistency with the overall objectives of the organization from a strategic point of view. In the above diagram of operations strategy, there are two main elements i.e. Market requirements and Operations resources. Market requirements consist of performance-related goals such as quality, flexibility, time, cost, and dependability. Addressing the appropriate needs of customers through offerings and attracting customers as compared to the competitors; are the main concepts that influence performance objectives. Wherein, Operations resources cover an organization's assets, processes, and capabilities. In between these two, operations strategy lies that reconcile the available resources of an organization with the pre-determined performance objectives. Competitive Capabilities and Core Competencies The main focus of operations strategy is on specific capabilities related to the operation that facilitates an organization in gaining a competitive advantage. These capabilities are termed as competitive capabilities or priorities. An organization can get success in the market by getting excellence in such capabilities. In other words, competitive capabilities are those capabilities that are developed by operations function to provide a competitive advantage to an organization in its industry or market. Business strategies act as a foundation for developing operations strategies. Few business strategies have a direct hold on manufacturing such as: Serving a defined product or service in a stable market Providing the high variety of a product and design customization to fulfill the particular requirement Use of in-built flexibility to offer quick market response and manufacturing of different products to maintain the level with the environmental changes In order to obtain the above business strategies, an organization needs to focus on gaining productivity, low-cost advantage, quality, design-related constant innovation, and development of new products through the reduced development cycle. Achieving a competitive market advantage and making core competencies are considered effective strategies. The strengths and unique resources of an organization are its core competencies that the organization should develop, practice, and improve constantly. Competence transforms into capability once the strategy is implemented successfully and pre-defined objectives related to competing are achieved. Competitive advantage can be achieved by understanding the needs and desires of customers and providing the offerings accordingly. This includes finding out their preferred quality and cost of products, serving customers in a more effective way than competitors. Operations Strategy- Competitive Priorities or Competitive Weapon The main objective of any business is to secure a position through which it can attract more customers as compared to its competitors. To achieve this, Operations managers are supposed to work in close conjunction with marketing to understand the market's competitive situation in which an organization is operating and identify the unique competencies in order to determine the important competitive priorities. In making decisions related to the growth and survival of an organization, competitiveness plays a crucial role as it is related to the effectiveness of the organization in meeting customer requirements over its competitors, and hence, considered an important factor. For this, organizations depend upon their operational strengths and use them along with opportunities as their competitive weapons or Competitive priorities. We've thoroughly explained the above competitive priorities with examples in a separate article here: ��ns-with-examples/ Relationship between Corporate, Operations and Business Strategy In every organization, there is a unique mission statement that includes a range of long-term goals. This is termed as a corporate strategy as it contains the detailed description of the type of business that an organization desires to be in, the different type of customers that the organization will serve, the basic values and belief system of its business, and the goals and profitability, that are expected to be achieved. Another long-term business plan similar to the corporate strategy is a business strategy that acts as a roadmap in order to achieve of fulfill the above-mentioned mission of corporate strategy. These long-term plans have to undergo different functions such as marketing, HR, production, finance, etc. Here the role of operations strategy comes in as its main function is to translate whole decision-related processes that facilitate business strategy. It's the responsibility of operations function to manage the resources required to produce products/services of the organization. To support the business strategy, operations strategy acts like a plan to specify the structure and usage of resources. This consists of required skills and talents of the workforce, technology usage; size, location and type of available facilities, special equipment and processes required, and methods of quality control. So, operations strategy enables the organization to fulfill its long-term plan and for this, it must be aligned with the business strategy of the company. Operations Strategy Development Developing an operations strategy under the corporate strategy is explained through the above diagram. It indicates different factors that are included in operations strategy and the connection between the corporate strategy, business strategy, and Competitive priorities of operations strategy. In this, there is a direct connection of long-term strategic decisions of operations with new product development, facility establishment, introducing new technologies, determining product capacity, and suitable decision-making on developing and maintaining the quality of products. With the help of operations strategy, an organization can translate its competitive priorities and product plans into processes related to decision-making. Decisions related to operations help in determining different processes for producing variety and volume of products. Components of Operations Strategy Operations strategy consists of six main components or elements i.e.: We've thoroughly explained the Components of Operations Strategy with examples in a separate article here: � Example of Operations Strategy McDonald's Operations Strategy based on Competitive Priorities Fast-food giant McDonald's business strategy is aimed at preparing food for its customers on the fast track and comparatively low competitive cost. It also includes earning profit by cost reduction of its products and expansion of its business across the world. To meet the above organizational goals, the Operations strategies of McDonald's play a vital role. The company is able to maintain and control all of its operational activities. Top management of the company develops its operations management strategies and the same are implemented by different branches of McDonald's. Also, these operations strategies are circulated to other franchisee branches in a written format. Different operations managers allocated at different branches oversees the monitoring and controlling part of all operational activities. Through the increased use of information technology, McDonald's is able to introduce new ideas and ways to enhance its operational activities. Through its stock control database system, it is possible to avoid unnecessary ordering, and also, stock can be maintained up to date in the store. It has become easy to order the stock in less time. -Competitive priorities (operations strategy) of McDonald's McDonald's operations strategies are based on its competitive priorities that include the affordable and friendly cost of products, quality of products by offering many healthy meal options and superior quality services, speediness of services, flexibility, etc. Speed or less service time By considering the fact that customers seek fast delivery services as their top priority, McDonald's started providing fast, accurate and friendly services to meet the demand of its customers. This enables the selling of the products at a reduced cost. Moreover, one of the reasons for the fast delivery of orders is that most of the products of McDonald's are in the form of ready to serve as these have to put in the ovens of superior quality and usually, the order is ready within very few minutes. Cost McDonald's has adopted different operations strategies to provide products to customers at a discounted price and to reduce the cost of its operations. The company is using efficient equipment to enhance the speed of producing its products. McDonald's uses fluorescent low consumption lighting that plays a crucial role in the cost reduction of operations. The use of cooking oil by the company in transport operations also contributes to reducing operations costs. McDonald's has also reduced operational costs by purchasing most of the vegetables (especially potatoes) directly from the farmers. This facilitated the company to reduce the cost associated with the production of chips. Apart from the above, McDonald also has a low-cost supply chain system and they have incorporated a just-in-time strategy to reduce the cost related to wastage and unnecessary storage. Quality The service quality of McDonald's can be measured through the time invested in processing orders and customer products. The policy of five Ps i.e. product, price, people, promotion, and the place has been applied by McDonald's to enhance the quality of its services. The product consists of quality, taste, and price of products of the company. To maintain food quality is always considered McDonald's top preference. McDonald's staff (people) are well trained to serve customers in an efficient way. The company always takes the necessary steps to reduce its operation cost. Place includes relevant, clean, surrounding areas with modern amities of McDonald's such as restaurants, restrooms, or kitchen, etc. It aims at comfort level and safety for the customers. Promotion is related to marketing and trust-building activities. Moreover, there are three quality centers of McDonald's in Asia, Europe, and North America. These quality centers ensure that different famous dishes of McDonald's like French Fries, Big Macs, and Chicken McNuggets, etc. always meet their standards and a great level of taste. These centers are used by the company to provide training for suppliers and examine the quality of products for taste and consistency. Flexibility There are three forms of flexibility in McDonald's i.e. Mix flexibility: This includes producing a wide range of products through an operation so that customers can select from them. Product or service flexibility: This consists of generating new ideas or ways to incorporate in producing food items or services so that customers can find them more attractive. Volume flexibility: In this, the adjustments are being made in the output level of McDonald's in order to tackle the unexpected changes that occur in demand for products. Manufacturing Strategies with Examples To manufacture products, various types of competitive priorities are being used. Demand is the main criteria to choose or adopt systems in a manufacturing concern. Different production systems that are in current practice include: Batch production Customized production Mass production Assembling the products, testing, and supply. For the above, the operations manager takes decisions related to which manufacturing strategies will be adopted as these strategies vary from industry to industry. The three main manufacturing strategies are as under: Make-to-stock (MTS) This is a conventional production strategy in which commodities or goods are produced on a large scale to meet the anticipated customer demand. In other words, Make-to-stock termed as producing goods for inventory according to demand forecasts. In this, organizations are required to keep a stock of finished products in order to deliver them to the customers on-demand or at the time of purchasing. So, by adopting this manufacturing strategy, manufacturing organizations are able to deliver products on an immediate basis whenever the demand arises and this helps in minimizing the delivery time. This strategy is more suitable for standardized products that are produced in bulk and the forecast is also accurate at a reasonable level. For example, different products such as electronics, groceries, medicines, chemicals, etc. have demand in high volume. So, a Make-to-stock strategy is feasible in producing such products. Assemble-to-order In this manufacturing strategy, sub-assembly parts and components are kept as stock by manufacturers and parts are assembled into final customized goods or products according to the order placed by customers. The Assemble-to-order strategy depends on the organization's ability to assemble and deliver products in a fast manner. Different processes include in this strategy such as fabrication processes, assembly processes, cleaning, painting, etc. To ensure the smooth functioning of these processes, a suitable inventory of sub-assembly parts is created. For example, Dell Computer Company works on an assemble-to-order manufacturing strategy for its products such as laptops, personal computers (PCs). In this, customers are allowed to choose options from various available options for different parts of laptops or PC such as monitors, hardware, software, CPUs, processors, etc. as per their suitability. The system is assembled after receiving orders from customers and further delivery of the system is ensured. Make-to-order (MTO) The manufacturing strategy using which organizations produce products or offer services as per the specifications given by each customer; is termed as make-to-order strategy. This includes different processes according to customer requirements. Using this strategy, a high level of customization can be achieved which is considered one of the main competitive priorities. Both variety and flexibility can be offered by the company. For example, some special medical equipment is manufactured as per the special demand from customers like hospitals, doctors, etc. Similarly, the construction of a house is based on customer demand. One more example is the manufacturing of special theme-based cakes that are customized to the specific demand of customers such as a birthday party theme, an anniversary celebration, an organization's annual day or special event, etc. Service Strategies This includes producing less variety using processes that result in high volumes and customized forms. These are more customer-focused. For example, Both Apple and Dell companies are into offering products and services to their customers. Both companies provide IT-based products and also offer an after-sales service facility. Global Strategies and Role of Operations Strategy Organizations may adopt a global strategy of importing parts or services from abroad and counter domestic competitions at the corporate level. A global perspective is required to identify external environment threats and opportunities and evolve operations strategy. Analyzing different other factors are also required such as market segmentation that includes psychological, demographic, and industry factors; also, the identification of different needs of goods, volume, delivery, etc. Drafting a business strategy from a global point of view requires considering the global conditions and existing competencies, strengths, and weaknesses. Different factors such as existing competition, market potential, developmental factors i.e. social, political, economic, technological, etc. are part of global conditions and are considered at the time of defining the business strategy. There are two main strategies that organizations adopt as a part of their global strategy i.e. strategic alliance and placing operations in a foreign market and after-sales service. Strategic Alliance When two parties or organizations enter into an agreement for promoting their products or services then it is considered as a strategic alliance and partners act as joint partners. Different main forms of the strategic alliance are: Collaboration Two companies are said to be into collaboration agreement when one company holds core competency in a specific product, joints with the other company that wants to promote the product in its country. So, rather than designing their own duplicate product, both companies collaborate for promoting the product based on their mutual interest. Also, to keep the product's reputation, the local company follows the operations strategy of a collaborated company. A few examples of such companies are IBM, HP, etc. Joint venture This is considered as an agreement between two companies to produce products in joint form. Joint venture strategy supports in gaining foreign market access. In this, technology and expertise are supplied by an external company and required resources such as processing, operations, infrastructure, manpower, etc. are provided by the local company. Different car manufacturing companies like Honda, Maruti Suzuki, etc. have adopted this strategy. Transfer of Technology and Licensing Transfer of technology describes different processes using which movement of technological knowledge is possible between or within organizations. This knowledge can be in different forms such as services and people, design and technical documents, etc. Wherein, licensing is related to a business agreement that allows an organization to grant permission to another organization for the manufacturing of its product on defined payment terms. Placing Operations in Foreign Market and After Sales Service In order to penetrate the new markets, organizations locate their manufacturing operation abroad. For this, companies are supposed to do a techno-economic survey in a detailed way before entering into foreign countries because of the political and economical environment, customer needs may be different and vary. Operations strategy may also be different than the current operations strategy of the company. If the product is a standardized one, then its methodology and operations strategy can be similar. Domino's Pizza, McDonald's are a few examples of this. Yuri Arcurs/GettyReducing costs and improving sales is the goal of every business. Business operations constitute many processes, including material acquisition, manufacturing costs and product delivery. Business strategies revolving around operations include the size and location of facilities, product diversification and expansion. It isn't uncommon that several operations strategies may exist within a company simultaneously.Market penetration refers to capturing a larger piece of the target market. An insurance company might define market penetration success by the number of new automobile policies gained. Developing an operations strategy for market penetration has several potential focus areas.Article continues below this adA business can decide to attract customers away from competitors. It can attract nonusers that have no experience with your business or with a competitor. Another strategy might employ one or more geographic locations, centered around a target demographic. Businesses can also try to add more value to existing clients, thereby enticing increased spending on product or service upgrades.As an operations strategy, product development goes well beyond rolling out new products. Think about software companies that may have a new product coming out but that also provides free patches and low-cost upgrades for existing product improvement; this is part of the product development strategy. Initially, when a product is rolled out, it is compared to other products on the market. Being the best is a good strategy, but it also means that competitors will immediately work to exceed your product specifications.Article continues below this adFor example, a rental car company that eliminates long lines at the airport improves an existing system for both new and repeat clients. The better this service process is, the higher satisfaction ratings the company receives. This builds loyalty and referral business.The supply chain refers to the process of creating a product via its delivery. One operations strategy might look to improve costs in the creation of the product. Another operations approach is to make the delivery of goods more efficient. An example of improving the creation can include reducing costs of materials with bulk purchases or automating parts of the production line.Making the delivery component of operations more efficient could involve anything from improving warehouse layout to reduce time and labor in fulfilling orders to obtain delivery contracts that reduce delivery contracts.Article continues below this adFor example, a home improvement warehouse might reorganize the warehouse layout, bringing more frequently bought items closer to the front and within proximity, based on size to the loading docks. This means that consumers or warehouse employees spend less time walking through a warehouse to get to the products, thereby expediting the process and saving on labor.