

CHAPTER **4**

Strategic Functions and Functional Strategies

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LEARNING OBJECTIVES

- *To analyze the strategic functions of a firm.*
- *To study alternative functional strategies.*
- *To explain how functional strategies influence and are influenced by the business strategies.*
- *To articulate how strategic intent shapes and is shaped by the functional strategies.*
- *To assess competencies underlying the functional strategies.*

INTRODUCTION

Dabur Foods Ltd. has a 50% share in India's fruit juice market, double the 25% share held by PepsiCo—the number 2 player. Dabur Foods sources mass-produced litchee, guava, grapes, and mango juices from the domestic vendors, and orange, apple, and pineapple concentrates from the overseas suppliers. In 2004, to be more responsive to the consumer needs, Dabur Foods decided to buy fruits directly from farmers, and process them in-house in a new Rs. 200 million (~\$4.4 million) plant in Siliguri, West Bengal. It will use a flexible production system to offer fruit in a variety of specialized forms, such as juice, sauce, puree, smoothie, paste, and ketchup.

Dabur Foods will also rely on customized Research and Development to boost the share of institutional segment in its total sales from a fourth in 2003 to a third in near future. Amit Burman, CEO of Dabur Foods, noted, 'Often, products are created when our [institutional] buyers tell us about their culinary problems, which could range from getting pre-chopped onions in bulk to mixing the best juice and yoghurt smoothie. As we have the experience and