



**THE TIMES 100**

**BUSINESS CASE STUDIES**

## Business strategy – IMI

IMI is a global engineering group involving many different engineering specialities. It is recognised worldwide for its innovation, expertise and global service and sells engineering solutions in over 50 countries to match customer needs. IMI operates in a B2B (business to business) environment, providing tailored products and services to companies. These include large household names such as Shell, General Motors, Coca-Cola and McDonalds, as well as smaller niche companies dealing in specialised equipment or building materials.

Strategies are the long-term plans that a business puts in place to achieve its aims and objectives. IMI's goal is to achieve market leadership in the global niche markets it serves. A niche market is a relatively small and often highly specialised segment of a market, which has few competing companies supplying it. There are many different strategies an organisation can choose to achieve its goals. For example, these might include developing new products, growing by acquiring other companies or reducing costs. IMI's strategy focuses on:

- increasing business in its chosen niche markets
- accelerating growth by investing in new products and emerging markets
- maintaining high operating margins and reducing costs of manufacturing and costs within its supply chain.

Few competitors can provide the specialist knowledge and tailored fluid engineering solutions IMI offers, so it is able to command higher margins for its high quality products and services in its chosen niche markets. IMI's strategy brings together three key aspects:

- its engineering skills in fluid technology and innovation
- its market leading positions in its chosen niche markets
- its exposure to markets which are benefitting from long term structural growth trends such as climate change and urbanisation.

IMI calls the point of overlap between these three factors, the 'sweetspot'. Where these three areas come together is known as strategic convergence. It is an area where IMI expects to achieve clear market leadership, higher profit margins, greater product differentiation, opportunities to meet global trends and to grow. At the 'sweetspot' IMI's knowledge and skills are delivering products and services which meet long term customer needs and help to give greater product differentiation. This means offering products which do things competitor products cannot. This enables IMI to attract higher profit margins as well as gaining clear market leadership and creating barriers to entry for other competitors. This strategy IMI defines as 'Engineering Advantage'.

IMI believes in behaving responsibly towards all its stakeholders, including its customers, shareholders and employees. Its values of Excellence, Innovation and Integrity guide the behaviours of all employees. Values are the beliefs shared by those within an organisation which underpin its business strategies. This commitment to the business behaving in a responsible manner is known as the IMI Way. The IMI Way is an integrated approach across the company and enables the business to achieve sustainability in its management of:

- Health and safety – IMI promotes a strong health and safety culture. This minimises risks to people as well as to communities and the environment.
- Energy efficiency – IMI has an internal commitment to become more energy efficient in developing its products and processes.
- Risk in the supply chain – To make sure that products are sourced responsibly, IMI sets out standards for its suppliers, such as minimum working conditions.
- Supporting customers to act responsibly in business – IMI helps its customers to recognise and develop opportunities for sustainability.





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### Questions

1. What is meant by strategy?

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2. Describe the meaning of 'values' in relation to organisations.

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3. Explain what IMI means by the 'sweetspot'

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4. Analyse the importance of having business strategies

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### Task

Develop an information leaflet that would be relevant for a new small business owner, explaining the meaning and importance of business strategy and values.

### What have you learned?

Ready, steady, GO...write as much as you can about strategies and values in 60 seconds. Share with a partner. Have you written the same things? Has your partner remembered something you hadn't?