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## SURROUNDING METHOD: A STRATEGY DEVELOPMENT PROCESS FOR AGRIBUSINESS

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**S**trategic planning in agribusiness is key activity for the healthy performance of your business in long run. Agribusiness is operated in a complex agri-entrepreneurial ecosystem that is uncertain. To thrive under such uncertain complex system you need to be aware of the business growth trajectory. The success of your business needs significant understanding of the complex agri-entrepreneurial ecosystem and a robust strategic plan to grow through such complex system. Irrespective of the scale of your agribusiness you need to grow and, the opportunity and threats to growth lies in the market. To tap the available opportunity and face the uncertain threats you need a strong strategic response. In this article we will take you through the process of strategy development through surrounding method approach.

### What is a strategy?

Strategy is a special type of a business plan generally a long term plan that clearly states your plans, actions and goals that sketches how your business with its product(s) will compete in a given complex business environment.

### What is Strategy Development process?

Strategy Development is the process of investigating and finding out the most suitable strategic response or action with an aim to achieve the objectives, mission and vision of an organization. Both SWOT Analysis and the TOWS Analysis can be used for the development of a strategic action. SWOT analysis provides the insights on the current situation of a given business in a context. Whereas, TOWS is a logical extension of SWOT that enable one to develop a strategic response from the output of SWOT analysis.

Strategy Development is important in order to analyze the Internal and External factors for the Growth and Productivity of any business. There should be some aspects which you should keep in mind before you perform this Strategy Development process:

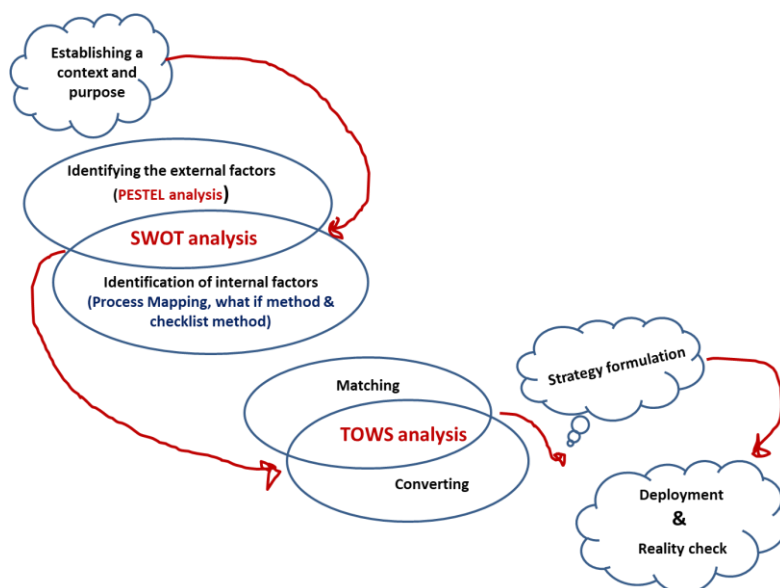
- What shall be your Vision and Mission of the business?
- How would you achieve you goals for the betterment of the business?
- What will your action plans for overall business Growth?
- Problem solving tactics to be followed.
- Available options according to your Internal and External Factors.

### What is Surrounding Method of Strategy Development?

In this section we will discuss about the surrounding method, this is a basic framework practised for the strategy development process (Figure1) but it may vary under different circumstances.

#### A. Establishing a context and purpose

The first thing to keep in mind while developing a strategic response is establishing Context. It is important to know in which context and for what purpose the strategy is being developed. For example, English language proficiency of a Sales Executive posted in particular region maybe strength but it may turn into a weakness in another region where this



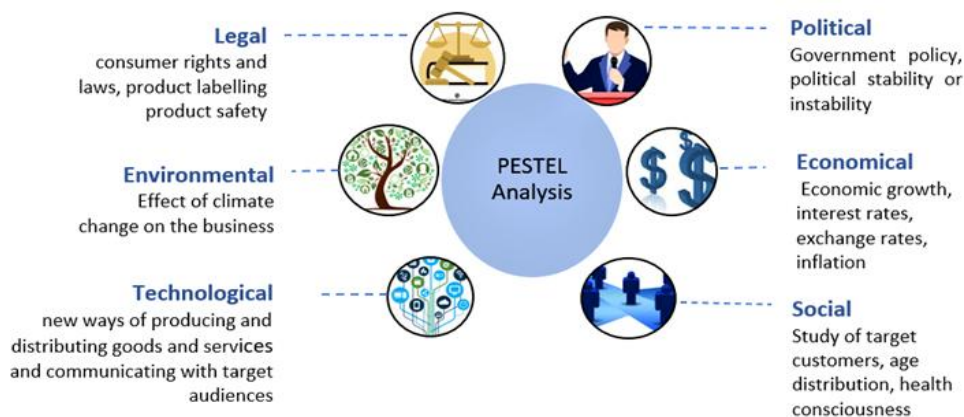
language is not understood by his clients. Therefore, context will help us to place the factors in a correct manner. Regardless of the activity taken forward, the purpose of the analysis should be known as it helps in identifying the valuable inputs.

**Fig. 1:** Surrounding method of strategy development process

Source: Clipart edited by the authors

## B. Identifying the external factors

The second step is to identify the external factors i.e., Opportunities and Threats. For discovering these factors, the environment is scanned thoroughly. Environmental scanning has various sources such as market feedback, operation review, consumer feedback, etc. As external factors are dynamic and are uncontrolled, these factors are identified before the internal factors. Another reason why we detect these factors first is to avoid underestimation and overestimation of our threats and strengths respectively. PESTEL Analysis (Figure 2) can be done to analyze and monitor the macro-environmental situation. PESTEL stands for Political, Economic, Social, Technological, Legal and Environmental factors.



**Fig. 2** : Component of PESTEL Analysis  
 Source: Clipart edited by the authors

## C. Identification of internal factors

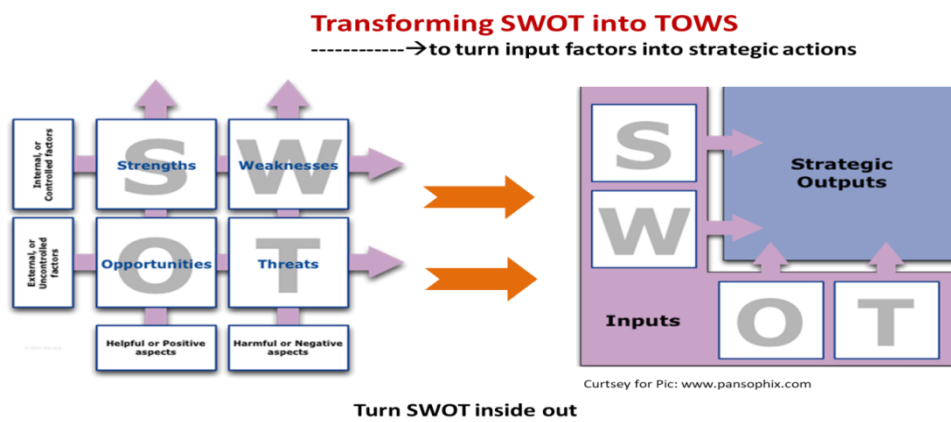
The Internal factors include Strength and Weakness. These factors are under our control and can be identified using these three approaches.

- **Process Mapping:** In this approach, the whole process involved in agribusiness is mapped. The aim is to spot where the issue is supported or hampered with the presence or absence or performance of internal capabilities.
- **What If Method:** This method starts with an idea or a new proposition. It stimulates imagination and innovativeness. For example, what if we want to launch a new food product? What if we start a agro-tourism?
- **Checklist Method:** As the name suggests, checklist method means creating a checklist of a list of items or points to be considered while identifying strengths and

weaknesses. Checklists have the objective of overseeing tasks or projects and ensuring nothing important is forgotten during execution.

**D. Matching in TOWS matrix**

SWOT gives us the situational analysis. In order to develop strategy using SWOT, we have to be thorough with the --SWOT elements and the SWOT is flipped to TOWS (Figure 3). TOWS matrix is a logical extension of SWOT matrix which is strategy development tool. Matching and converting are the two activities done to develop strategic response. In matching process we link the external factors with the internal factors as delineated in fig. 4.



**Fig. 3:** SWOT and TOWS matrix  
Source: adopted from Alan Sarsby (2012).



**Fig. 4:** Matching in TOWS matrix



**Fig. 5:** Converting in TOWS matrix  
Source: Clipart edited by the authors

**E. Conversion in TOWS matrix**

We convert the uncontrolled or harmful factors into controlled or helpful factors i.e., Internal factors into Opportunity. For example: - suppose a company wants to convert its weakness into an opportunity (Figure 5), its weakness being less no of employees and opportunity being expansion of business. Here, the business can use its existing strength which may be a huge amount of fund available. The funds can be utilized in recruiting new employees. In short, the weakness of a business can be converted into an opportunity using an existing strength.

**F. Formulation of strategy using TOWS matrix**

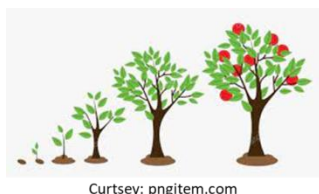
After analysis of both factors, decisions are taken while focusing on context. Different generic strategies are developed based on the TOWS matrix analysis. The four generic strategies that can be developed by matching and converting of SWOT factors is presented in figure 6.



**Fig. 6:** Generic strategies

Source: Clipart edited by the authors

- **Growth Strategy**



Growth strategy is the outcome of matching strength of an organization with opportunities to increase our capabilities. Here the business makes use of its strength to tap the opportunity in the market. Most important aspect is to grow the business does more of those activities in which it is good at doing.

- **Internal Development strategy**



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Convert weakness into strength followed with matching strength to its opportunities and helps us to create new capabilities. Here a business identifies its weakness and tries to convert them into strengths and then tap the opportunities. For instance, poor skilled employees may be its weakness, following Internal Development strategy; capacity building activities are planned.

- **External Development strategy**

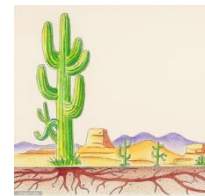


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Use strengths of organization to convert its threats into opportunities. When your business is facing some threat say may be a competitor, under such situation following external development strategy the business make use of its strengths to convert the threat into an opportunity. For example the company may lobby to restrict the entry of the new firm and using its capitals strength may increase the scale of production to provide the produce at cheaper rates.

- **Survival strategy**

This strategy is adopted by any business to stay afloat in the market. Here, threats and weaknesses are combined. Both conversion and matching approaches are applied here. When a business is under the attack of sever external threat and plaguing internal weakness the firm has to adopt survival strategy to be alive in the market until the situation is changed. To address such situation multiple strategies are adopted.



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## G. Deployment

The process of bringing intent into effective action. It serves as a basis for performance standards, planning, decision-making and resource allocation. The process of implementing the organizational vision and strategy in a systematic and structured way.

Things to keep in mind while putting together a strategy development process: -

- **Communication:** It implies the way your strategy will be conveyed. Honest Communication with the employees in the strategy deployment encourages an open

exchange of ideas and information so that the receiver receives the message in exactly the same manner it is conveyed.

- **Implementation:** Act of executing a strategy to reach its desired set of goals. Provide with some thoughts about how and what kind of programme it would be.
- **Measuring success:** Create some indicators which help you to check the success and know about the real reviews of programme.

### H. Reality check

Testing the decision is the final step of strategic development process. In reality, giving the correct and unbiased decision is very difficult as it involves higher level of subjectivity. It includes

- Whether the strategy adopted is valid and should be practiced or not? Is it effective? Does it lead to the improvement in work efficiency i.e. whether this plan provides quality output? Is the strategic plan reliable and sustainable?

### Conclusion

Developing a strategy is important when an individual or a business organization wants to achieve its goals and objectives. Strategy development is a team work and requires clarity of context in which your business operates and the purpose of strategy development. Further, in-depth analysis of internal strength, weakness and external opportunities and threats is a key for effective strategy development. It will help one to be in line with their mission and vision in the long run. All the steps right from establishing context and purpose till the last step which involves reality check should be given equal weightage. Care must be taken while formulating strategies because a single mistake may cause a complete debacle. All things considered, Strategy development lets you to understand the potential of the business that is crucial to the planning process and for a competitive edge.

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