

Strategic fit

- **Strategic fit** expresses the degree to which an organization is **matching** its **resources and capabilities** with the **opportunities** in the external environment.
- In addition, strategic fit also examines the **resource** base of the organization and explores how they can be **utilized** to achieve **maximum benefits**.

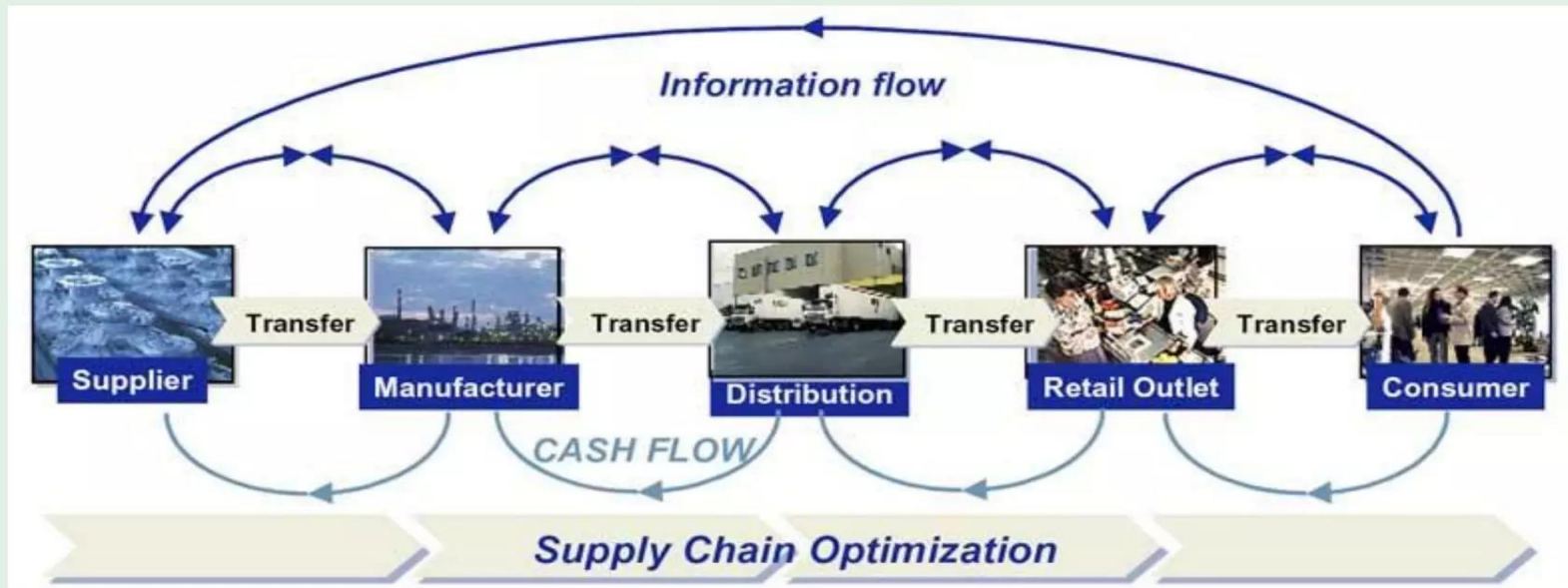


- **Resources** relate to the **inputs to production** owned by the company, whereas **capabilities** describe the **accumulation of learning** the company possesses.
- Resources can be classified both as tangible and intangible:
 - **Tangible:**
 - Financial (Cash, securities)
 - Physical (Location, plant, machinery)
 - **Intangible:**
 - Technology (Patents, copyrights)
 - Human resources
 - Reputation (Brands)
 - Culture

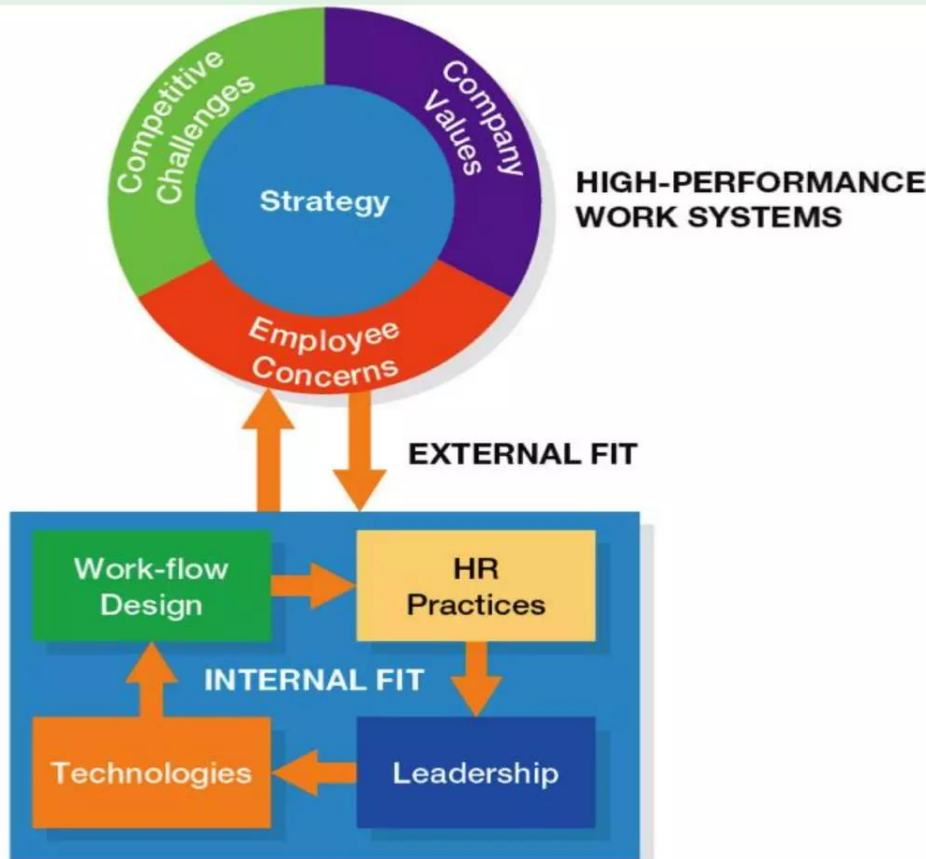


- **Strategic fit can also be used to evaluate specific opportunities like **M&A** opportunities.**
- **In addition, M&A transactions give the acquiring firm the possibility of achieving positive **synergy effects** meaning that the two merged companies are worth more together than the sums of their parts individually.**





Internal Fit & External Fit







JUST DO IT.





Everyday low prices (low cost retailer for a wide variety of products)

Buys from low cost producers, owns its infrastructure and distribution network



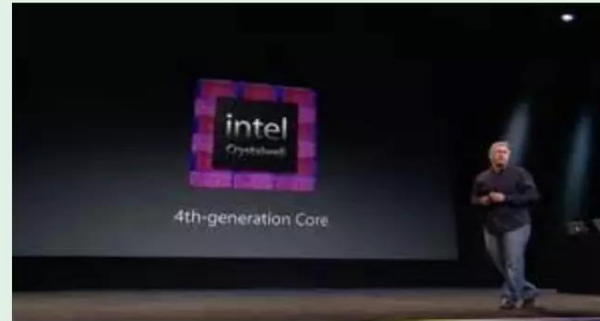


Custom-made computer systems at a reasonable cost

Online ordering, no middle-man



iPhone & MacBook







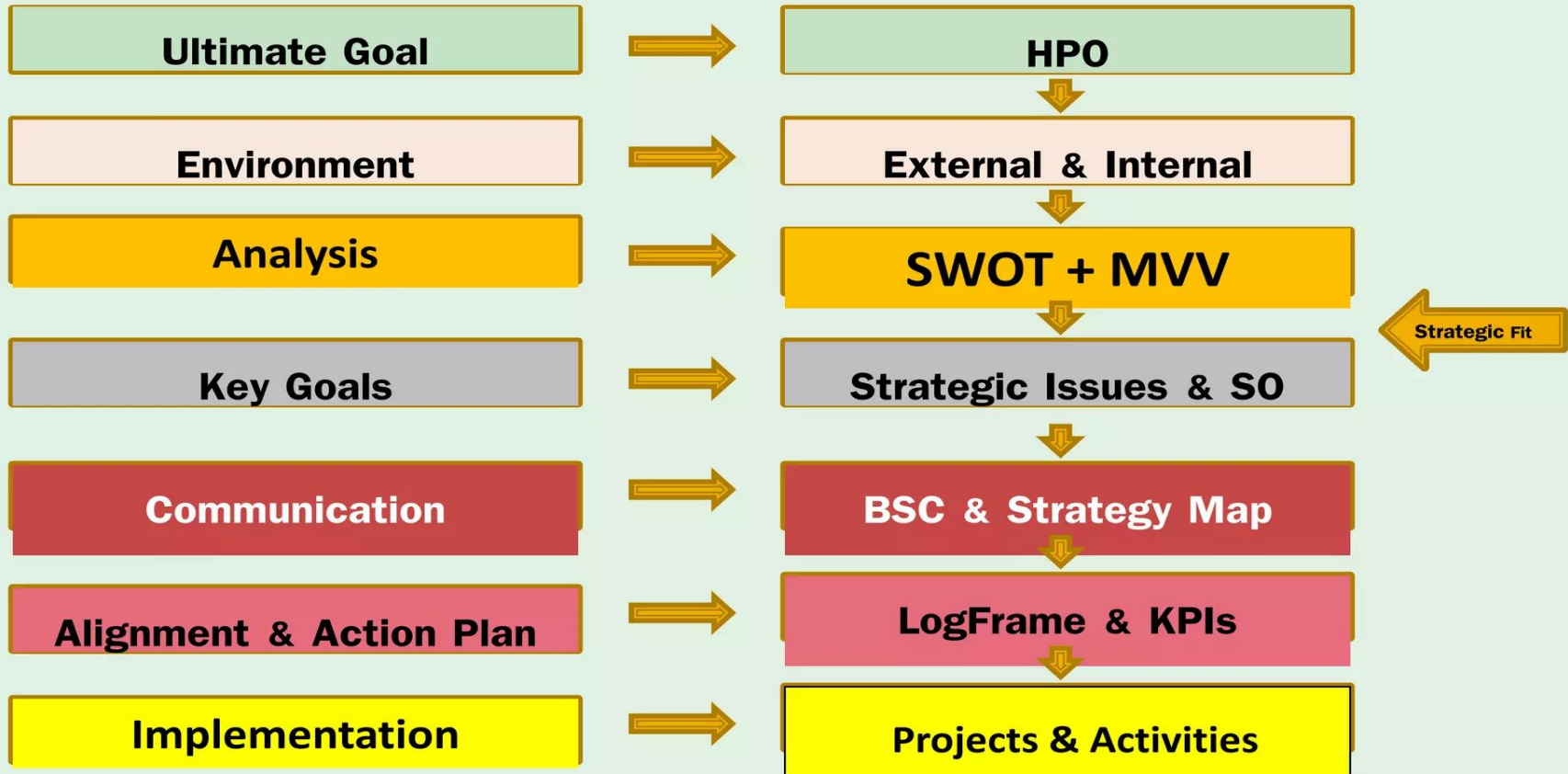
Merger Failure



Strategic Fit? Wait & See



Strategy Execution Steps



Fit VS Not Fit

