

Andrey Yashin

# Who benefits from this

Book Series

**Business  
strategies**

Andrey Yashin

**Who benefits from this?  
Business strategies**

«Издательские решения»

**Yashin A.**

Who benefits from this? Business strategies / A. Yashin —  
«Издательские решения»,

ISBN 978-5-00-598551-4

«Who benefits from this?» a series of books by Andrey Yashin that challenges traditional ideas about success in life and business. Yashin argues that true success should be measured not only by financial benefits, but also by the positive impact of business on society as a whole. Through detailed analysis and case studies, Yashin explores how companies can create value for their stakeholders in a way that benefits all participants.

ISBN 978-5-00-598551-4

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# Содержание

From the author	6
1. Who benefits from outsourcing?	7
2. Who benefits from vertical integration?	8
3. Who benefits from horizontal integration?	9
4. Who benefits from diversification?	10
5. Who benefits from a merger?	11
6. Who benefits from the acquisition?	12
7. Who benefits from a joint venture?	14
8. Who benefits from a strategic alliance?	15
Конец ознакомительного фрагмента.	16

# **Who benefits from this? Business strategies**

**Andrey Yashin**

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ISBN 978-5-0059-8551-4

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## From the author

Dear readers,

As a marketer and author, I have spent many years studying the business world and analyzing the factors that drive success. My book, «Who benefits from it,» is a deep dive into the forces that shape our economy and society, and it offers insights into how we can build a more equitable and sustainable future.

One of the key themes of my work is the idea that businesses must embrace social responsibility if they want to thrive in the long term. This means taking an active role in shaping the world around us, and using our resources to create positive change.

Of course, this is easier said than done. Many companies struggle to balance their desire for profit with their desire to do good, and it can be tempting to prioritize short-term gains over long-term impact. However, I believe that the companies that will succeed in the coming years are the ones that take a more holistic approach to business.

So, how can companies do this? There are a few key strategies that I recommend:

1. Embrace sustainability: Climate change is one of the biggest threats facing our world today, and businesses have a crucial role to play in combating it. Companies that prioritize sustainability and take steps to reduce their carbon footprint will be well-positioned to succeed in the long term.

2. Invest in your employees: The people who work for your company are your most valuable asset. By investing in their training and development, and by creating a positive work environment, you can build a team that is motivated, engaged, and committed to your company's success.

3. Engage with your community: Businesses don't exist in a vacuum. By engaging with the communities in which they operate, companies can build stronger relationships with their customers and create a sense of goodwill that can help them weather tough times.

4. Be transparent: In today's world, consumers expect companies to be transparent about their practices and policies. By being open and honest about your business practices, you can build trust with your customers and create a more positive reputation.

By following these strategies, businesses can build a more sustainable, equitable, and successful future. Of course, this is not a one-size-fits-all solution, and every company will need to find its own unique approach to social responsibility. But by taking action and embracing change, we can create a better world for ourselves and for future generations.

**Thank you for reading.**

**Sincerely,**

**Andrey Yashin**

# 1. Who benefits from outsourcing?

Outsourcing has become an increasingly popular business strategy over the past few decades. The concept involves hiring a third-party service provider to perform specific business functions, which were previously handled in-house. While there are certainly some downsides to outsourcing, there are also a number of benefits to consider. Let's try to figure out who benefits from outsourcing and why it can be a reasonable business step.

## 1. Cost Savings

One of the primary benefits of outsourcing is cost savings. By hiring a third-party service provider, businesses can save on overhead costs, such as salaries, benefits, and office space. Outsourcing can also help businesses avoid capital expenditures, such as equipment and software purchases. In many cases, outsourcing can be much cheaper than hiring full-time employees, particularly for smaller businesses or those just starting out.

## 2. Improved Efficiency

Outsourcing can also help businesses improve their efficiency by allowing them to focus on their core competencies. By delegating non-core functions to a third-party service provider, businesses can free up resources to focus on what they do best. This can lead to improved productivity, higher quality work, and faster turnaround times.

## 3. Access to Expertise

Outsourcing can also provide businesses with access to specialized expertise that they may not have in-house. For example, outsourcing IT functions can give businesses access to specialized software, hardware, and technical expertise that they may not be able to afford or manage on their own. This can be particularly useful for smaller businesses or those in niche industries.

## 4. Scalability

Outsourcing can also provide businesses with greater scalability. As a business grows, its needs may change, and outsourcing can help businesses adapt to those changes. By outsourcing non-core functions, businesses can quickly and easily scale up or down as needed, without having to worry about hiring and training new employees.

## 5. Risk Mitigation

Outsourcing can also help businesses mitigate risk. By delegating certain functions to a third-party service provider, businesses can reduce their exposure to risk and liability. For example, outsourcing data security can help businesses protect against data breaches, while outsourcing customer service can help businesses avoid potential legal issues.

## 6. Competitive Advantage

Finally, outsourcing can provide businesses with a competitive advantage. By outsourcing non-core functions, businesses can focus on their core competencies and differentiate themselves from their competitors. This can help businesses attract new customers, retain existing customers, and increase their market share.

## 2. Who benefits from vertical integration?

Vertical integration is a strategy adopted by businesses to control multiple stages of the production process, starting from the sourcing of raw materials to the distribution of finished goods. This approach helps businesses to gain more control over their operations, reduce costs, and increase efficiency. However, the benefits of vertical integration may vary depending on the industry, the size of the business, and the specific circumstances. In this article, we will discuss who benefits from vertical integration and why.

### 1. Large businesses benefit more from vertical integration

Large businesses have more resources and a wider scope of operations, which makes it easier for them to implement vertical integration. Large businesses can afford to invest in different stages of the production process, such as manufacturing, distribution, and retail, and can leverage economies of scale to reduce costs. By controlling more stages of the production process, large businesses can reduce their reliance on external suppliers, which can help them to negotiate better deals and reduce their costs.

### 2. Small businesses may also benefit from vertical integration

Small businesses may not have the resources to invest in all stages of the production process, but they can still benefit from vertical integration in some cases. For example, a small business that operates in a niche market may benefit from vertical integration by acquiring a supplier that provides a unique or essential component for its products. This can help the small business to ensure a steady supply of the necessary inputs and reduce its dependence on external suppliers.

### 3. Businesses in highly competitive industries may benefit from vertical integration

Businesses that operate in highly competitive industries may benefit from vertical integration by gaining a competitive advantage over their rivals. For example, a business that operates in the retail industry may benefit from vertical integration by acquiring a manufacturing or distribution company, which can help it to reduce its costs and offer lower prices to customers. By controlling more stages of the production process, businesses in highly competitive industries can also improve their efficiency and responsiveness to market demands.

### 4. Businesses that operate in volatile markets may benefit from vertical integration

Businesses that operate in volatile markets, such as the energy or commodity markets, may benefit from vertical integration by reducing their exposure to market fluctuations. For example, an oil and gas company may benefit from vertical integration by acquiring a refinery, which can help it to control its production costs and reduce its dependence on external suppliers. By controlling more stages of the production process, businesses in volatile markets can also better manage their risks and improve their resilience to market shocks.

### 5. Businesses that value quality control may benefit from vertical integration

Businesses that place a high value on quality control may benefit from vertical integration by ensuring that their products meet their exacting standards. By controlling more stages of the production process, businesses can better monitor the quality of their products and ensure that they meet their customers' expectations. This can help businesses to build a strong brand reputation and improve customer loyalty.

### **3. Who benefits from horizontal integration?**

Horizontal integration is a common strategy that businesses use to grow and expand. In essence, it involves merging with or acquiring other companies that operate in the same industry or produce similar products. When successful, horizontal integration can result in significant benefits for the business, including increased market share, greater efficiency, and improved economies of scale. However, not all businesses are suitable candidates for horizontal integration, and understanding who stands to benefit from this strategy is crucial for any entrepreneur looking to grow their company.

The first group of businesses that typically benefit from horizontal integration is those that are operating in highly competitive industries. These industries are often characterized by thin profit margins and intense competition, which can make it difficult for smaller players to survive. By merging with or acquiring other companies in the same industry, businesses can create larger and more efficient operations, which can help them compete more effectively against their rivals.

Another group that benefits from horizontal integration is companies that are looking to diversify their product lines. By acquiring other companies that produce similar products, businesses can expand their offerings and provide customers with a wider range of options. This can be particularly useful for companies that are operating in markets with fickle or unpredictable consumer preferences. By diversifying their product lines, businesses can reduce their reliance on any one product or service, which can help them weather economic downturns or other challenges.

Finally, businesses that are looking to improve their supply chain management can also benefit from horizontal integration. By acquiring companies that are involved in different parts of the supply chain, businesses can gain greater control over their operations and reduce their dependence on third-party suppliers. This can help businesses reduce their costs, improve the quality of their products or services, and increase their responsiveness to changing market conditions.

Of course, not all businesses are well-suited to horizontal integration. Companies that are already dominant in their markets, for example, may not benefit significantly from merging with or acquiring other players. Similarly, businesses that are operating in fragmented industries where there are many small players may find it difficult to integrate their operations effectively.

Ultimately, the decision to pursue horizontal integration should be based on a careful analysis of a business's unique circumstances and objectives. Entrepreneurs should consider the potential benefits of this strategy, as well as the potential risks and challenges. By doing so, they can make informed decisions about how to grow and expand their businesses, and position themselves for long-term success.

## 4. Who benefits from diversification?

In the world of business, diversification refers to the practice of expanding a company's operations into new areas or industries. The goal of diversification is to reduce risk by spreading investments across a range of different businesses or markets. This strategy has been utilized by successful companies for decades, and the benefits of diversification can be significant for both the business and its shareholders.

So, who benefits from diversification? The answer is everyone involved in the business, including the company itself, its shareholders, and its employees. Let's take a closer look at the benefits that diversification can bring to each of these groups.

### Benefits for the company

1. **Reduced risk:** Diversification is an effective way to reduce the risk of a company's operations. By spreading investments across different businesses or markets, the company is less vulnerable to the ups and downs of any one sector. This reduces the risk of a sudden and catastrophic loss of revenue.

2. **Access to new markets:** Diversification also allows a company to access new markets and customer bases. This can be especially valuable if the company's existing market is saturated or in decline.

3. **Improved financial stability:** Diversification can help to improve a company's financial stability by providing multiple revenue streams. This can make the company less vulnerable to economic downturns or other external shocks.

### Benefits for shareholders

1. **Reduced risk:** Just as diversification can reduce risk for the company itself, it can also reduce risk for shareholders. By spreading investments across different businesses or markets, shareholders can benefit from a more stable and diversified portfolio.

2. **Increased returns:** While diversification can reduce risk, it can also lead to increased returns. This is because investing in different businesses or markets can expose shareholders to a range of different opportunities and growth potential.

3. **Improved market positioning:** Diversification can also help a company to improve its market positioning. By expanding into new areas or industries, the company may be able to strengthen its overall brand and reputation.

### Benefits for employees

1. **Job security:** Diversification can help to create more stable and secure jobs for employees. By reducing the risk of sudden revenue losses or business closures, the company is better able to provide ongoing employment opportunities.

2. **Career advancement:** Diversification can also create opportunities for career advancement and growth. Employees may be able to take on new roles or responsibilities within the company as it expands into new areas or industries.

3. **Increased job satisfaction:** Finally, diversification can lead to increased job satisfaction for employees. By working for a company that is expanding and growing, employees may feel a greater sense of purpose and pride in their work.

## 5. Who benefits from a merger?

Mergers and acquisitions (M&A) have become a popular business strategy for companies looking to grow and expand their operations. Mergers occur when two or more companies combine to form a single entity, while acquisitions involve one company acquiring another. The decision to merge or acquire another company can have a significant impact on the businesses involved, their employees, shareholders, and customers. Let's discuss who benefits from the merger and what factors are involved?

### – Shareholders

One of the most obvious beneficiaries of a merger or acquisition is the shareholders of the companies involved. If the merger is successful, it can result in a significant increase in the value of the shares of the newly formed company. This is because the merger often creates cost savings, increased revenue, and growth opportunities that can translate into higher profits for the shareholders. In some cases, the acquiring company may offer a premium price for the shares of the company being acquired, resulting in an immediate increase in value for shareholders.

### – Companies

The merging companies can also benefit from the merger in several ways. The merger can lead to increased market share, increased bargaining power, and a broader customer base. By combining resources, expertise, and technologies, the newly formed company can achieve economies of scale and scope, leading to lower costs and increased efficiency. The merger can also result in access to new markets, products, and technologies that can help the companies expand their operations and diversify their portfolios.

### – Employees

6. The impact of a merger or acquisition on employees can vary. In some cases, the merger can result in job losses as the newly formed company seeks to eliminate duplication of roles and functions. However, the merger can also result in new job opportunities and career growth for employees, particularly those with expertise and skills that are in high demand. The merger can also result in improved benefits, higher salaries, and more significant opportunities for training and development.

### – Customers

The merger can also benefit customers in several ways. The newly formed company can offer a broader range of products and services, better customer support, and improved pricing options. The merger can also result in increased innovation and investment in research and development, leading to the introduction of new and better products and services. However, there is also a risk that the merger can lead to reduced competition, resulting in higher prices and reduced product quality.

### – Communities

Finally, the merger can also benefit the communities in which the companies operate. The merger can result in increased tax revenues, job creation, and investment in infrastructure and community programs. However, the merger can also have negative impacts, such as the closure of local facilities, loss of jobs, and reduced charitable giving.

## 6. Who benefits from the acquisition?

Business acquisitions can be a complex and risky process, but when executed successfully, they can bring significant benefits to both the acquiring company and the target company. Let's discuss who benefits from this acquisition and why?

### 1. Acquiring company

The acquiring company is the one that purchases the target company. The primary benefit for the acquiring company is that they gain access to the target company's resources, including intellectual property, technology, products, services, and customer base. These resources can help the acquiring company to expand their market share, diversify their offerings, increase revenue, and improve profitability.

Acquisitions also provide the acquiring company with economies of scale, which is the cost advantage that arises from increased production or sales. By acquiring the target company, the acquiring company can achieve cost savings by consolidating operations, reducing overhead costs, and leveraging the target company's existing distribution channels.

Another benefit of acquisitions for the acquiring company is that it can help them to eliminate competition. By acquiring a competitor, the acquiring company can reduce the number of players in the market, which can lead to increased pricing power and market dominance.

### 2. Target company

The target company is the one that is being acquired. The primary benefit for the target company is that they receive a premium price for their shares. The price offered by the acquiring company is typically higher than the current market value of the target company, which means that shareholders can realize a significant profit.

Acquisitions also provide the target company with access to the acquiring company's resources, which can help to accelerate growth and development. For example, the target company may gain access to new markets, technologies, and expertise that it would not have been able to access otherwise.

Acquisitions can also provide the target company with stability and security. By being acquired, the target company can gain access to the acquiring company's financial resources, which can provide a buffer against economic downturns or other unforeseen events.

### 3. Employees

Acquisitions can have a significant impact on employees of both the acquiring company and the target company. In some cases, acquisitions can lead to job losses as the acquiring company seeks to eliminate redundancies and consolidate operations. However, acquisitions can also provide opportunities for employees to take on new roles and responsibilities within the merged company.

It is important for companies to communicate clearly with their employees during the acquisition process to minimize uncertainty and anxiety. Employees who are uncertain about their future with the company may be less productive and engaged, which can negatively impact the success of the acquisition.

### 4. Customers

Acquisitions can also have an impact on customers of both the acquiring company and the target company. Customers may be concerned about changes in product offerings, pricing, or customer service as a result of the acquisition. However, acquisitions can also provide customers with access to a wider range of products and services, as well as improved quality and reliability.

It is important for companies to communicate with their customers during the acquisition process to minimize confusion and uncertainty. Customers who are uncertain about the future of the company may be less likely to continue doing business with them.

## 7. Who benefits from a joint venture?

A joint venture is a business partnership that involves two or more parties coming together to achieve a common goal. The parties involved in a joint venture can be individuals, companies, or organizations. Joint ventures are formed for a variety of reasons, including market expansion, risk-sharing, and pooling of resources. One of the most important questions that businessmen often ask when considering a joint venture is, «Who benefits from a joint venture?». Let's look at the advantages that a joint venture gives, and who will benefit the most?

### 1. Access to New Markets

One of the most significant benefits of a joint venture is access to new markets. When two companies come together, they can combine their strengths and expertise to target new markets that would be difficult to penetrate individually. This is particularly true for companies that are looking to expand into new territories or countries. By forming a joint venture, they can leverage the expertise of their partners to navigate the new market, share the costs of market entry, and access new customers.

### 2. Shared Risk and Costs

Another benefit of a joint venture is shared risk and costs. In any business venture, there is always a risk involved, and the costs associated with starting and running a business can be substantial. By forming a joint venture, the risks and costs are shared between the partners, making it easier for each partner to bear the burden. This also enables the partners to pool their resources, share the cost of research and development, and invest in new technologies, which they may not be able to do individually.

### 3. Increased Resources and Expertise

A joint venture also provides access to increased resources and expertise. When two companies come together, they can pool their resources, including capital, human resources, technology, and infrastructure. This can lead to greater economies of scale, which can increase efficiency and productivity, resulting in higher profits. Additionally, each partner brings its own unique expertise and knowledge, which can be shared with the other partner to create a more comprehensive offering.

### 4. Shared Intellectual Property

Intellectual property (IP) is a valuable asset in today's economy. In a joint venture, the partners can share their intellectual property, such as patents, trademarks, and copyrights, to create a more robust product or service offering. This can result in increased market share and higher profits. Additionally, sharing IP can reduce the risk of legal disputes, which can be costly and time-consuming.

### 5. Reduced Competition

Finally, a joint venture can reduce competition. When two companies come together, they can combine their strengths to create a more significant presence in the market. This can result in reduced competition and increased market share. Additionally, by pooling their resources, they can create a more comprehensive offering, which can make it more difficult for competitors to enter the market.

## **8. Who benefits from a strategic alliance?**

In today's competitive business landscape, strategic alliances have become a popular way for businesses to gain a competitive advantage. Strategic alliances refer to partnerships or collaborations between two or more companies to achieve mutually beneficial goals. While the advantages of strategic alliances are numerous, the primary beneficiaries are the businesses themselves. Let's look at who benefits from a strategic alliance and why companies should consider creating one?

### **1. Increased Market Share**

One of the primary benefits of forming a strategic alliance is an increased market share. By partnering with another business, companies can access new markets and customer segments that were previously out of reach. This is especially true for businesses looking to expand into new geographic regions or industries. A strategic alliance allows businesses to leverage their partner's expertise and resources to gain a foothold in these new markets.

### **2. Access to New Technology**

Another key benefit of forming a strategic alliance is access to new technology. In today's fast-paced business environment, technology is constantly changing, and businesses must keep up with these changes to remain competitive. Strategic alliances can provide businesses with access to the latest technologies and innovations, which they may not have been able to develop on their own. This can help businesses to improve their products or services and gain a competitive edge.

### **3. Improved Cost Efficiency**

Strategic alliances can also improve cost efficiency. By partnering with another business, companies can share the costs of research and development, marketing, and other expenses. This can help businesses to reduce their overhead costs and improve their bottom line. Additionally, strategic alliances can help businesses to achieve economies of scale, which can lead to lower production costs and higher profits.

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