

## ***Flextronics Internal Growth Strategies***

Internal growth strategies tend to rely on actions such as hiring more employees, growing the customer base, opening new company-owned locations or developing new products through internal research and development. External growth strategies tend to focus on meeting growth objectives by establishing relationships with third parties, such as strategic-alliance partners, licensees, franchisees and co-branding allies.

For example, in 1993, Flextronics was a midsize manufacturer with sales of a few hundred million dollars. When many high-tech companies either abandoned or chose to outsource their manufacturing functions, Flextronics filled the void by making itself available as a manufacturing partner. As a result, Flextronics has expanded to 70,000 employees working in 150 factories in 27 countries, with estimated annual sales in 2001 of more than \$20 billion. In early 2001, Ericsson turned over its factories and manufacturing operations entirely to Flextronics, a relationship that could be worth as much as \$5 billion a year to the growing company. Several other companies, such as Solectron, Celestica and SCI Systems have also experienced dramatic growth over the past several years by offering a full range of research, development and manufacturing services.

Companies can learn from this example, to create complimentary products and services that fulfil market needs.

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