*In the coming year (2010), I look forward to executing a strategy that leverages the reputation of our brands; leads to long-term growth for our shareholders; creates career opportunities for our employees; and ensures a valued partner for our customers. (Scott C. Donnelly, President and CEO, Textron)*

Stakeholders likely are pleased by the nature of the outcomes Textron’s President and CEO believes the firm will achieve in 2010. This firm’s vision and the multiproduct strategy it uses to reach that vision are intriguing and are central to the firm’s efforts to be successful.

Recall that a *vision* presents a picture of the firm as it hopes to exist in the future, while a *strategy* is an action plan designed to move a firm toward achieving its vision. “Textron’s vision is to become the premier multi-industry company, recognized for our network of powerful brands, world-class enterprise processes, and talented people.” A diversified conglomerate, Textron uses the unrelated diversification multiproduct strategy as its action plan for becoming the premier multi-industry company.

Choosing to use the unrelated diversification multiproduct strategy means that Textron seeks to generate financial economies rather than operational relatedness or corporate relatedness to create value for customers and wealth for shareholders. Thus, Textron allocates its financial capital to pursue investment opportunities available inside the units it currently owns or to acquire assets from other companies that it can effectively restructure. Textron uses return on invested capital “as both a compass to guide every investment decision and a measure of Textron’s success.”

Currently, Textron has five operating segments—Bell Helicopter, Cessna, Textron Systems, Industrial and Finance. During 2009, Cessna accounted for the largest percentage of the firm’s sales revenue (32%) while Finance accounted for the smallest percentage (3%). In terms of organizational structure, Textron uses the competitive form of the multidivisional structure. Visualize Textron’s five operating segments with different product units being associated with each of them. For example, Textron Systems includes five product units: AAI, Textron Marine & Land Systems, Textron Defense Systems, Lycoming Engines, and Overwatch.

At the beginning, we noted that companies using multiproduct strategies deal with two core issues: What goods or services will the company produce and sell? How will the firm manage the units it creates to produce and sell its good and services? According to company documents, Textron’s corporate-level personnel spend a great deal of their time dealing with the first of those two questions as they do about “identifying, selecting, acquiring, and integrating the right mix of businesses that will drive higher performance.” With respect to the second issue, we have noted that Textron uses the competitive form of the multidivisional structure to manage its five operating segments or divisions.

Conditions in the global economy were challenging for Textron during 2009 and 2010. For example, sales at Cessna were declining, resulting in a decision to cut the workforce by 8.3%. Cessna was also dealing with aggressive competitive actions from competitors such as Bombardier’s Learjet and Brazilian manufacturer Embraer. Offsetting Cessna’s revenue decline however were increasing revenues from Bell Helicopter and Textron Systems. The relationship in revenues between these two segments highlights an outcome associated with using the unrelated diversification multiproduct strategy; namely, increasing revenues in one unit offset declining revenues on another unit.