

# Environmental and organizational audit of nokia



SWOT analysis as the assessment of the internal strengths and weaknesses and external opportunities and threats for a business in a given situation. It clarifies issues and problems but it does not take decisions for a business.

S: Strengths

W: Weakness

O: Opportunities

T: Threats

## **POSITIVE**

## **NEGATIVE**

## **INTERNAL**

### **Strengths**

- First company to provide mobile phone technology.
- High capacity switches.
- Strong management policies
- Providing a wide range of Models around the globe business.
- New products and technology

### **Weaknesses**

- Lack of Unity between various departments. They consider each other as lacking from knowledge, stupid and inexperienced.
- Poor quality equipments causing dis-interest of customers
- Installation in armored cars was a problem.
- Switches were Large and expensive

## **EXTERNAL**

### **Opportunities**

- High competitive environment, this leads to more customers
- Mass market
- High Sales since the product is new and unique
- Expand business

### **Threats**

- Major competitors, namely NEC, Motorola, Samsung, Sony Ericson, Sony iPod etc.
- Competitors offering financing solutions
- Small switches of competitors and cheap in price
- Intense competition

### **PESTEL analysis:**

PEST analysis is defined as a management technique that enables an analysis of four external factors that may impact the performance of the organization. These factors are: Political, Economic, Social, and Technological. PEST analysis is often conducted using brainstorming techniques. It offers an environment-to-organization perspective as opposed to the organization-to-environment perspective provided by SWOT.

### **PESTEL analysis of Nokia**

Political: Political entities played a vital role in the success of Nokia switches business, as a market are deregulated both operators and manufactures are free to

Act independently of government intervention in countries like Pakistan and India.

Where partial regulation exists, government intervention does not take place.

**Economical :** In order to start the mobile telephony business Nokia needed a high market share, which they achieved by selling in Pakistan and various countries. This increased the number of customers, thus increasing market share. After the company got substantially popular, major businesses started to co-ordinate with Nokia.

**Social:** Consumer demanded for new functions and designs while Nokia was not successful in providing that, a banker expressed ' they are just a bunch of engineers who couldn't care less what the phone looks like'. Also on the other hand consumer complained about the low battery life.

**Technological:** There have been many global advancements in technology such

As mms, wap, Bluetooth, cameras etc. the Asian markets are more technologically than

Their European counterparts for example in 2002 just 4% of phone had cameras. whereas in Asia 90% did it.

Environmental factors include, climate, and climate change, which may especially affect Nokia industries. Furthermore, growing awareness to climate change is affecting how Nokia companies operate new models and

products-it is both creating new markets and diminishing or destroying existing ones.

Legal factors include discrimination law, consumer law, antitrust law, employment law, and health and safety law. These factors can affect nokia. Company operates, its costs, and the demand for its product.

### **Reason for choosing the particular organizational and environmental audit and strategic technique:**

S. W. O. T analysis: The reason for advising SWOT analysis to nokia in the current downfall situation is that for decades SWOT analysis has been a straight forward and basic model for providing strategic direction to the organization which conducts it. This is done by accessing the strength, weaknesses, opportunities and threats of the particular business entity. Individuals at nokia can also perform SWOT analysis in order to identify their intrinsic qualities that can help them at workplace. SWOT analysis is the most effective power tool nokia can use in order to optimize their career. The result of SWOT analysis will help the professionals identify their qualities and minimize their obstacles.

PESTLE analysis: This was advised to nokia for conducting the environmental analysis, it was considered important as it is a key method of strategic analysis in order to study the microenvironment of the business. These include Political factors such as political stability, trading agreements and economic and taxation policies. Economic factors such as interest, employment levels and economic trend. Social factors such as religion

demographic factors and cultural factors. Technological factors such as innovation, manufacturing cost, quality of product etc.

Through the PESTLE analysis nokia will be able to understand the wider business environment i. e. understanding the international market and trends. One of the main reason why conducting PESTLE analysis for nokia is important is that it can raise awareness of future threats and will help nokia to anticipate future difficulties and take appropriate actions to avoid and minimize them.

## **STRETEGIC POSITIONING TECHNIQUES**

### **Ansoff matrix:**

The Ansoff Growth matrix is a tool that helps businesses decide their product and market growth strategy.

### **Ansoff Matrix of Nokia**

Ansoff matrix can help Nokia identify their future direction and strategic development. It may help Nokia find out the choices available in the market in order to use their strategic capabilities. Currently in terms of the case, Nokia is engaged in production of many existing products and one new product which is mobile telephone. This may sort out Nokia into three sections of an Ansoff Matrix. These are explained as follows:

Existing product and existing market; Market penetration: For the current production of various radio and telephone equipments, including AXE chip.

Existing product and new market; Market development: For entering new markets including USA, Hungary, Pakistan Indian, and Middle east and all over the globe.

Existing market and New Market; Product development: By launching Mobile telephone system in their existing market.

Ansoff Matrix: This is a useful strategic positioning technique advised to nokia due to the fact that it helps in suggesting the business attempts to expand on a new or existing market or whether on the markets new and existing products. For the market development Ansoff can help nokia identify new geographical areas, for example where to sell the existing switches and radio equipments. They can seek out different pricing policies to attract customers. Similarly in the product development stage they can develop new competencies and modify their products on the basis of consumer appeal. On the basis of these qualities it was advised to use Ansoff matrix as a strategic positioning technique to identify their future direction.

## **STRETEGIC THINKING AND PLANING**

In the view of F. Graetz, strategic thinking and planning are “ distinct, but interrelated and complementary thought processes” that must sustain and support one another for effective strategic management.

(F Graetz, (2002) Management Decision, pg 456, data accessed July 2009)

The main focus of strategic thinking is to create unique and valuable opportunities for future success of a business. This is conducted by a

creative and provocative dialogue between people who effect the direction of a business.

Strategic thinking must take into account:

### **Skills and competencies :**

Strengths of the company

How can these strengths be used to create a competitive advantage

Weaknesses of the company that makes it vulnerable.

### **Products and offerings :**

Portfolio of offering product, price and services in the market

Identifying the overlaps caused among offerings

Uniqueness

Brands associated with offerings

Compare the brand with competitors.

### **Industry and its environment :**

Identifying the overall economic situation of the country in which company is competing

Structure of the industry

Current position of the industry and where it wants to be in future.

Link of the industry with other people(stakeholders)



## **Customers and market:**

Target customer

Needs of the customers

## **Competitors :**

Nature of competition in the particular industry

Unique strengths and weaknesses of competitors

Similarities and differences between the company and its competitors

## **Buyers and suppliers :**

Identifying the companies that needs to be worked with in order to make and sell the products the company is offering

Relative power compared to the company

Their strengths and unique points

## **GAP ANALYSIS AND STRATEGIC PLANE FOR NOKIA:**

### **Product Development:**

An appropriate plan needs to be conducted for the mobile telephony business which lies in the product development section of the Ansoff matrix. The product and market are is relatively new; therefore a plan for a successful development of the product needs to be implemented. The plan must give nokia the ability to achieve a high market share. Although they are the first company to engage this business but the main problem which they face is their inferiority in technology, secondly their switch size are large and the competitors on the other hand are making smaller chips.

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Most importantly size and shape of the mobile phones are not up to the choice of customers, moreover they need to focus on the design if they want to boost up their sales. Company is already going through a financial crisis and on the other hand competitors are providing financial solutions in order to damage nokia. Management needs to issue new shares in the market in order to level up with the market trend. So talking on a wide scale, in the developing market, nokia needs to enter the market with a proper plan up to the expectations of customers in order to enhance the career of the product. This can be done by adding new features, technology advancement and revising their policies again.

### **Market penetration:**

For nokia this includes the current products in the current market, these include various radio and telephone equipments, including AXE switch. This includes the Public telecom, which is the biggest part of nokia., later known as ERA when it moved towards the mobile telephone business. Company at the existing stage needs to expand their number of products and its features since the competitors on the other hand have moved towards smaller reliable equipments industry. They need to gain new customers by suitable advertisement and loyalty programs. In a mass market where chances for upward shift in sales are high, nokia also needs to focus on their product, and develop them on the basis of customer needs and the market trend.

### **Market development:**

This is when the company tries to enter a new market with their existing product. For nokia on a global aspect the company would be able to achieve a high margin of sales since the number of customers will increase.

Expansion should include business in the Western countries and the Middle East. In a competitive market where competitors are expanding globally, nokia should also plan to expand in order to level up with their competitors. They can't afford to stay back with the trend since the new technological advancement may lack them back with the trend. So for the market development section, it is to be advised for a plan on expanding the business in other countries in order to get excess to new customers.

## **EVALUATION OF POSSIBLE ALTERNATIVE STRATEGIES AND ADVICE NEW FUTURE STRATEGY**

The company had major weaknesses which were advised to be solved through the help of appropriate planning . Planning was conducted on the basis of important strategic analysis; this included SWOT analysis, PESTEL analysis and Ansoff matrix. However there are certain other strategies which can possibly be implemented on nokia. These strategies are summarized as follows:

Lean production technique: Peter Simpson defines lean production as the term used to describe the whole concept of trying to manage the production process more efficiently with the minimum of resources. (Peter Stimpson, business studies, data accessed July 2009)

. Considering the financial crisis which nokia is going through, it is appropriate for nokia to implement Lean production technique since the main objective of this technique is to eliminate the waste of resources and time. nokia is already facing inferiority in technology, thus a lean production

will help them manage their adequate resources in an appropriate manner in order to develop new products with less complexity in production process.

**Job enlargement:** This is a term used to attempt any particular increase in the scope of the job by broadening and deepening the tasks. Reason for conducting this strategy is to overcome the financial problems and quality issues faced by nokia, company can implement this strategy by branding the amount of task given to important workers, thus on the other hand terminating the unwanted employees. This may help in cutting the future costs faced by the business and improve the quality and performance.

**Keeping substantial inventory:** Inventory includes raw material, work in progress and finished goods. The reason why nokia needs to keep substantial inventory is that due to time lags in the supply chain management, there can be late delivery of stock, thus keeping certain amount of inventory is necessary. As mentioned in the given illustration, when company made their first deal with Saudi Arabia. The Saudi order included 8000 mobile stations, this put pressure on the company since no terminals were left to sell in the home market.

**Team approach:** This is when production is organized in such as way that groups of workers complete a substantial amount of work all together.

Currently in nokia workers perform their own task on the basis of specialization, allowing them more empowerment at work. This have lead to disunity between workers, since most of them do not know what work each department is engaged in. A team work approach will also lead to important discussions relates to the performance of business and its various

departments. Important advises can be given to various departments through this approach which indirectly will improve quality and performance.

Quality control: The term quality does not necessarily focus on the best that can possibly be produced, a high quality product is one which best fulfills the particular needs of the customers at a reasonable price on the basis of consumer needs. The reason for improvement in nokia mobile quality is due to the fact that it may easily help them create consumer loyalty, also on the other hand will save the costs associated with complaints made by customers. Most importantly if nokia works on their product quality by improving their functions, they may achieve a longer product life cycle.

## **BEST FIT FUTURE PLAN FOR NOKIA BASED**

After studying the organization on all the aspects of a proper business strategy and business analysis, a final future plan is to be advised for nokia . Keeping in mind the internal and external environment of the organization and the future analysis of the market, a strong strategy was made for the future of nokia business. This plan is summarized as follows:

Before every activity takes place, it should be kept in mind that nokia has a high finance. Issue of more shares may easily boost up the finance.

Secondly the technological equipments should be replaced with new ones, following the hiring of skilled labors in order to reduce training costs.

Customer needs and market trends need to be kept in focus because customer has the buying objective and if their meets are not fulfilled, then they may be forced to change their brand.

Costs need to be reduced, this can be done by the use of Lean production technique.

Quality needs to be managed with the implementation of lean production since a reduction in cost can have an indirect effect on quality of the product.

One important future plan which can help Nokia is to make a small team of experts, who only work for future plans and ideas for business, looking at an approach at least two years ahead of current market trends.

The strategic plan was made on the basis of all previous organizational and environmental audits and strategic positioning techniques. An approach to previous analysis was also taken into consideration.

### **Alternative strategies Deliberate and Emergent strategies**

**DELIBERATE STRATEGIES:** Any strategy that is intentionally planned for running the business successfully for example Nokia might have deliberately wanted to change the models.

**EMERGENT STRATEGIES:** Are those that occur unexpectedly naturally. For example a strike causes an unexpected decrease in sales because shops are forced to close down.

**Future strategies:** Nokia future strategies They focus on different shapes and improving our quality products. Because their competitors are too much strong. Nokia employees thinking about his new models. When they launch a model. Then they suddenly start working on another model.