

# [Business analysis techniques for strategic planning](https://assignbuster.com/business-analysis-techniques-for-strategic-planning/)

[](https://assignbuster.com/)[Business](https://assignbuster.com/essay-subjects/business/), [Strategic Management](https://assignbuster.com/essay-subjects/business/strategic-management/)

Through a strategic planning an organization defines its strategy, or direction, and decisions making on allocating its resources to practice this strategy such as its capital and people. There are various business analysis techniques that are used in strategic planning such as SWOT, PEST, STEER and EPISTEL. The strategic planning, which indicates the future course of an organization, is the formal consideration involves three key questions; these questions mainly refer to what an organization does, who it deals to and how it excel. Another integral question can be phrased as how to beat competition (Bradford Duncan, 2000). The development of this business strategy is of great importance for organization as the whole structure of organization depends on it. An authentic business strategy development needs an appropriate analysis of the organization and its environment. This analysis must be executed at an internal and external level in order to identify the strengths and weaknesses of internal environment (organization) as well as threats, opportunities of the external environment. Different factors are assessed in this regard including the economy markets, competition, supplier markets, labor markets, regulatory environment and Technology. Marketing plans and strategies are the tools that are used as helpful in understanding the goals of the business and to develop the activities to achieve them. Strategic Models and tools are employed by marketing participants to analyze marketing decisions. The 3Cs, the corporation, the customer and the competitors, can be employed when beginning a strategic analysis to get a broad understanding of the strategic environment. Different organizations often use it to convey strategic positioning of their market mix. In order to form a market plan to practice a defined strategy, 4Ps, the product, the price, the place and the promotion, can be used. Marketing theories provides the solution for achieving the marketing goals through procedure. The basic theory of marketing revolves around Target Audience, Proposition and Implementation. Organizations sum up their objective and goals into mission and vision statement. They are used to formulate objectives and goals. Every organization follows particular organizational ethics, which meant to show how ethically internal or external stimuli are responded by them. Organizational ethics also expresses the values of an organization to its employees and other entities irrespective of governmental and regulatory laws. Organizational Ethics is interdependent with Organizational Culture. Organizational Culture deals with the beliefs and personal and cultural values of an organization, Psychology, attitudes and experiences. This culture is defined as a collection of norms and values shared by group of the people in the organization and the way they interact with each other and with the stakeholders outside organization (Hill and Jones, 2001). A core competency is definite factor that is seen as being central to the way it by a business, or its works and employees. It carries out three key criteria, it provides consumer benefits, it is not easy for competitors to imitate and it can be leveraged many products and markets. Competitive advantage takes place when an organization acquires and develops an attribute and combination of attributes that allows it to outperform its competitors. A timetable for the implementation of a strategy shows the timing for the each steps of the plan that is pursued to implement the strategies accordingly. The effectiveness, efficiency and economy have to be evaluated so that the success of the timetable can be estimated throughout the implementation of planning and strategy.

This paper examines and assesses the different business models, development of strategic planning, its implementation and evaluation of the effectiveness and efficiency of implementation of the timetable of strategic planning of an organization. The chosen organization is Marks & Spencer (M&S). Marks & Spencer is chosen because it is an important and major British retailer, with over 895 stores in more than 40 territories worldwide, over 600 domestic and 295 international stores (M&S – International Stores M&S website, February 2009). It is also the biggest clothing retailer in the United Kingdom, as well as being an up market food retailer, and the 43rd largest retailer in the world as of 2008. (Wal-Mart remains largest global retailer, according to Deloitte survey). Its domestic stores also sell both food and clothing; it has started the store expansion into other ranges including furniture, home ware and technology. In 1998 it was the first and only retailer to make a pre-tax profit of over £1 billion (“ BUSINESS | Marks & Spencer profits top expectations”. BBC News, 1998).

The business assessments of such organization of such a big range and with glorious history will definitely be a remarkable addition in the study of business management and business strategic planning.

In general terms provide examples (4to 6) and briefly explain them of theories and principles that underlie strategic planning?

Every organization comes into being with a strategy, which is called an organizational strategy and aims to provide a guideline to guiding member of the organization. Since the future survival of an organization depends on its strategy, therefore, every organization is commenced with their own strategy. This strategy involves business strategy mainly focusing on development and progress of the organization including internal and external factors as well. An organization needs to analyze the strengths, weaknesses, threats and opportunities that the organization could face while developing strategy, political, economic, social, and technological environment other socio-cultural, ecological, and regulatory factors and environment, informatics, and legal matter are also as important to be analyzed as above factors. For this purpose, therefore, organizations summarize these strategies into their mission, vision and values, which illustrate their business strategy.

Provide in outline form, using a diagram a framework which would enable your choice organization to develop its strategy in general terms?

The preparatory phase of a business strategic plan relies on planning. At the first, business plan includes Analysis of the Current Situation and Marketing Plan Strategy and Objectives. Marks & Spencer requires having analysis of the current situation including past year. This analysis includes analysis of Business Trends, Market Analysis, Competitive Analysis, Market Segmentation, Marketing-mix, SWOT analysis, Positioning – analyzing perceptions and Sources of information. Marketing plan Strategy and objectives for next year should also be analyzed including Marketing strategy, Desired market segmentation, Desired marketing-mix, TOWS-based objectives as a result of the SWOT, Position & perceptual gaps and Yearly sales forecast.

Describe and critically evaluate a small range (3 to 5) of models tools and techniques that could be used to develop marketing for your chosen organization?

There are many Marketing strategic models and tools employed to analyze marketing decisions. In order to find a broad understanding of the strategic environment the 3Cs can be used by Marks & Spencer. This 3C’s model points out that focus should be on three key factors for success. Three main players must be considered when planning a strategy for business: Corporation, Customer and Competitors. These 3Cs can sustain a competitive advantage in a strategic triangle. From a corporation point of view, strategies are needed to maximize the strengths of a corporation relative to the competition in the area of function that are critical to achieve the success. The corporation does not have to exceed in every function in order to win. If it can achieve decisive edge in one key function, it will ultimately be able to progress its other functions which are now average. In case of swiftly rising wage costs, it is an important decision for company to contract out a major share of its assembly operations. If the competitors are not able to shift production so swiftly to vendors and subcontractors, the outcomes difference in cost structure and in the company’s ability to cope with demand fluctuations can have integral strategic implications. The cost-effectiveness can be improved by adopting three ways. At first, reduction in the basic cost, exercise greater selectivity such as products offered, orders accepted and functions performed and share certain important functions with other business of corporation and other organization. Since clients and customers are the base of strategy therefore the basic goal is to be of customers’ interest rather than of the shareholders. This segmentation appears from a trade-off study of marketing costs versus market coverage. There always appears to be a point of reducing returns in the cost versus coverage relationship. The task of the organization is to optimize its range of market coverage, geographically and channel wise. Competitors are likely to be scrutinizing the market in similar ways in fierce competition. The effectiveness of a given first strategic segmentation will tend to decline over an extended period of time. It is useful to pick a small group of customers in such situations and reexamine what it is that they really want. A market segment change takes place where the market forces are changing the distribution of the user-mix over time by affecting demography, distribution channels, and customer size, etc. This kind of change is meant to be the allocation of corporate resources to be shifted and the ultimate level of resources committed in the business to be changed. The strategy based on competitor can be built by looking at possible sources of diversities in functions including purchasing, engineering, design, sales and servicing. The power of image and capitalizing on profit and cost structure differences are the ways to achieve the differentiation. I mage can be the merely source of positive differentiation when performance of product and form of the distribution are difficult to differentiate. In capitalizing on profit- and cost structure differences, firstly, the difference in source of profit may be oppressed, from new products sales etc. Secondly, difference in the ratio of unchangeable costs and changeable costs may also be oppressed strategically. A company with lower unchangeable cost ratio can lower prices in a lazy market and hence gain market share.

Another strategic tool that can be useful for Mark & Spencer is Porters 5 Force’s Model.

Porters 5 Force’s Model is structural analysis of the market. It rather focuses view of analyzing the strengths and weaknesses of a Market Segment through analyzing the different threats prevail in the market. It is a framework for the business strategy development and industry analysis. It draws upon industrial organization economics to develop five forces that determine the competitive intensity and in the result attractiveness of a market.

Porters 5 Force’s Model Structureurl. png

The Threat from the potential new entrants

Profitable markets that submit high returns attract the new firms. Its consequence is many new entrants, which ultimately decrease profitability for all firms in the industry. The profit rate will constantly fall unless the new entrants are not blocked. This is also known as perfect competition. New entrants can be blocked by the existence of barriers in the form of copyright etc. Attractive segment is the one in which barriers for entrance is high while barriers for exit are low. Thus only few new firm ca enter and only non-performing firm can exit easily. Economies of product difference also make an opportunity for small firms to enhance their businesses thus large firms who have their product out in the market in high price, products of low price can affect them. Marks & Spencer has been going through the same situation. Brand equity, which refers to the effects of marketing or consequences that accumulate to a product with its brand name compared with those that would increase if the same product did not have the brand name (Leuthesser, Kohli and Harich, 1995).

The threat of substitute products or services

The existence of products outside of the sphere of the common product boundaries boost the inclination of customers to switch to substitute including relative price performance of substitute, buyer switching costs, perceived level of product differentiation, number of substitute products available in the market, ease of substitution. Information-based products are more flat to substitution, as online product can easily replace material product. There are many reason cause customers to switch to substitute of the product such as substandard product, and reduction in quality of the product. Increase in the features of the product develops the competitive market. Marks & Spencer by increasing the features of its products can make the customers stick with their product.

The Bargaining power of customers or buyers

The customers’ bargaining power is also defined as the market of outputs such as the efficiency of the customers to put the firm under pressure; it also affects the sensitivity of customers to price changes. Customers’ concentration to firm concentration ratio, degree of dependency upon existing channels of distribution, bargaining leverage, specifically in industries with high fixed costs, customers volume, customers switching costs relative to firm switching costs, information availability for customers, ability to backward integrate, availability of existing substitute products, customers price sensitivity and differential advantage and uniqueness of industry products are the actors that increases the bargaining power of customers. Large number of supermarkets will provide better opportunity for the potential customers to reach thus it will decrease the bargaining power of the customers.

The Bargaining power of suppliers

The suppliers’ bargaining power is also defined as the market of inputs. Suppliers of materials, components, labor and services such as expertise to the firm are source of power over the firm, when there are a few substitutes. Suppliers may possibly refuse to work with the firm or charge excessively high prices for unique resources. Despite the fact that supplier switching costs is relative to firm switching costs, and degree of differentiation of inputs, impact of inputs on cost or differentiation, presence of substitute inputs, supplier concentration to firm concentration ratio, employee solidarity like labor unions and supplier competition and ability to forward vertically integrate and cut out the buyer and Competition among the existing suppliers mainly reinforce the factor. Number of suppliers across Britain will rather diminish this factor for Marks & Spencer.

The competitive rivalry within an industry

For most organizations, the major determinant of the competitiveness of the industry is the intensity of competitive rivalry. Sustainable competitive advantage by innovation, competition between online and offline companies; click-and-mortar -v- slags on a bridge, Level of advertising expense, Powerful competitive strategy and the visibility of proprietary items on the Web all these factor define the competitive rivalry within an industry (Rainer and Turban, 2009). The situation of competitive rivalry is hhigh because there are majorly three rivals of Marks & Spencer that provide it a competitive advantage and change its strategic planning.

State a variety 7 to 10 of general and marketing strategic options which have been used or are available to the organization of your choice and evaluate the advantages and disadvantages of four of these

Product

Branded product helps in capturing market as it creates an identity of the firm with that brand. Marks & Spencer has been selling out branded product but there is no single of theirs, because owning the brand can exceed the sell of that product. The advantage of owning a product as a brand is that it allows the customers to identify the organization with a particular name. While mostly brand products are supposed to be accessible for everyone as a result of its price.

Price

Price is another factor that is integral for Marks & Spencer. Determination of price that depends on the market situation very much affects the market situation for the firm. An affordable Price of the product can be more successful for the firm. Affordable price offer of the Marks & Spencer will allow to everyone to access them easily thus it will generate demand of the products if it could not maintain the supply and demand of the products it will have to suffer in the market.

Place

The place of selling also makes a difference in the marketing strategy of a firm. Since e-commerce has been so much in practice Marks & Spencer can start e-commerce through which it can sell out its products online. Besides this, variety of distribution outlets can also be an option for Marks & Spencer as it is a good promotion tool of the product. Placing the products in every distributions outlet may lead the firm to the low market level due to its order of supply.

Promotion

Promotion of the products must be designed in the way Across the Line. Across the Line promotion of the product provide the opportunity to access the customers at any length. Promotion of the products Across the Line will cost the firm highly as promotion across the line requires in order to meet the promotion target.

People

Work force or staff must be well trained and professional because a well trained work force increase the productivity of an organization. Marks & Spencer is the 43rd largest retailer if it hires professional and trained work force it will definitely hit its economy.

Process

The standard of the services offered must be of good and must be integrated with customer support.

Physical Evidence

Physical evidence of a firm especially like Marks & Spencer does matter. The overall environment of the firm can provide a pleasant impression on others and results in good sell.

Who are stakeholders in the organization of your choice and state the three major ones of these. What affect have or could the major stakeholders have on the strategy that the organization has or could introduce. What considerations should be taken into account to ensure that the three major stakeholders can contribute to the development of the organization strategy through some form of participation?

There are number of group of stakeholders of Marks & Spencer: employees, customers, shareholders, suppliers, local communities, pressure groups and local and national government. All these above directly or indirectly influence the Marks & Spencer in its strategy making. Employees, who are direct stakeholders of the organization, want secure jobs, well and good pay and fair treatment with all employees. Customers, also a direct stakeholder of the organization, want high quality, good service, and good choice of products. Shareholders look for growth and profit. These direct stakeholders can affect the strategies of the organization. If employees are not satisfied or if feel that they are not enough benefits from the offered strategy they can strongly resist it by so many act of barriers such as resignation or boycott from service. Organization understands that in order to keep the customers stick with product it is important to provide them quality products and services in affordable rate. The customers who want quality product in affordable price with good services would also reject the strategy if found it not in their favor by rejecting the product or switching to another substitute. Shareholders, who are back bone in the economy of the Marks & Spencer, possess the shares of the company; organization will want them to have profit so that the stay with them in the business. Thus there will not be any strategy which in any way annoys the shareholders. The contribution of employees, customers and shareholders is equally important for organization’s interest. This contribution by them can part in the development of the organization’s strategy through expressing their expectation from the organization. These expectations are not just to be of their favor but in the favor of the organization as well because their benefits and profits are interlinked with the success of the organization.

In a layman’s language define the term vision, mission statement, objective and value and go to provide professional definitions of these giving the source of these.

Every organization comes into existence with a definite purpose which is called objective of the organization. This objective varies from organization to organization such as profitable organization and non-profitable organization. The organization expresses its objective through vision, mission statement.

Vision: Vision is the intended or desired future statement of an organization or enterprise in terms of the fundamental objective and strategic direction. Vision refers to a long term view, describing how the organization would like the world in which it operates to be. A vision statement provides the organization with an inspiration that is the basis for all the organization’s planning. It explains what an organization wants to do.

Mission: Mission is the fundamental purpose of an organization or an enterprise, concise describing the reason of existence and path to achieve its Vision. It also draws a future picture of the organization.

Values: Values can be defined as the beliefs of an organization shared among the stakeholders of an organization. Values are the means of driving the organization’s culture, ethics and priorities.

The vision statement is a realistic, credible, and attractive future for an organization (http://www. au. af. mil/au/awc/awcgate/ndu/strat-ldr-dm/pt4ch18. html). Mission statement broadly describes the presence of an organization present capabilities, customer focus, activities, and business makeup (Glossary, Strategic Management: Concepts and Cases by Fred David).

Provide the vision and mission statements and strategy of your chosen organization and explain how the effectiveness if these can be measured.

Marks & Spencer has defined its Vision, Mission statement and Values as follows:

The Vision Statement

“ The standard against which all others are measured”.

The Mission Statement

“ Making aspirational quality accessible to all”.

The Values

“ Quality, value, service, innovation and trust”.

Marks and Spencer has followed a value price strategy from its origin. Since Marks & Spencer has focused on middle class customers, it has continued with the value pricing strategy. Although its most of suppliers have been Britain, which has higher textile manufacturing costs than other developing nations, Marks & Spencer was able to maintain its value by developing strong economic bonds with its suppliers. Through its economies of scale in buying, M&S has been able to require manufacturers to adhere to strict quality standards and to bargain lower prices for its customers (De Nardi-Cole, 1998).

“ The standard against which all others are measured”, as a vision statement thoroughly conveys the objective of the organization, as the organization has set up the standard as an objective of the organization to achieve. It is promoting inspirational standard of the organization in term of products, service, and quality and price. This vision has greatly affected the organization output as a consequence of achieving its objective through this vision. The mission statement of Mark & Spencer revolves around its marketing strategy telling about the price of the products that are affordable enough to be accessed by everyone. Values of the organization describe the standard quality and value of products and services following innovation and trust of the customers.

Define the term organizational g12 cultural and ethical values and explain the culture and ethical values of the organization of your choice.

Organizational culture is an idea which illustrates personal attitudes, experiences, psychology, beliefs and values and cultural values of an organization. It is defined as the specific set of values and norms shared by people and groups in an organization. The organizational culture as well as ethical values is also known as beliefs and ideas about the kinds of goals of the organization and ideas about the appropriate kinds and standards of behavior members of the organization use to achieve these goals. From organizational ethical values develop organizational norms, guidelines, and expectations that prescribe appropriate kinds of behavior by employees in certain situations and control the behavior of organizational members towards one another (Hill, and Jones, 2001). Organizational Ethics refers the way an organization ethically responds to an internal or external stimulus. Organizational ethics and the organizational culture are interdependent. Although, it is similar to both organizational culture and business ethics on the micro and macro levels, organizational ethics is neither Organizational culture, nor is it alone business ethics which includes corporate governance and corporate ethics. Organizational ethics express the values of the organization to its employees and to other entities irrespective of governmental and regulatory laws.

The organizational culture of Marks & Spencer is characterized as a reflection of taken for granted fashion the attitude that is shared by the all members of the organization. The basic assumptions and beliefs operate unconsciously among the members and also exist at the organizational level. The assumptions and taken for granted fashion have taken its roots from the basis of the success of organization.

Marks & Spencer strictly follow code of ethics, a detail document of the ethical codes, in order to get on with its internal matter. The document contains the responsibility of all belong to Marks & Spencer and Behavior for customers, colleagues, shareholders and environment have been explained. Besides, there are policies about workplace and Business (Marks&Spencer, Code of Ethics, 2010).

Explain the term core competencies and critical success factor and state whether these are necessary to the success of the organization of your choice. Has the organization of your choice amended its strategy in response to changes in the current business and economic climate?

A core competency is a particular factor that an organization looks as being integral to the way it, or its works, and employees. It performs three key criteria: provides consumer benefits, not easy for competitors to imitate and can be widely leveraged to many products and markets. A core competency can take many forms, such as technical or subject matter know-how, a dependable process and close associations with customers and suppliers. It also includes product development and culture, such as employee dedication. The core competencies are specific strengths relative to other organizations in the industry which supply the fundamental basis for the provision of added value. Core competencies are the organizations’ collective learning, and involve the way to coordinate different production skills and incorporate multiple flows of technologies. It is an involvement, a communication, and a strong commitment to working across organizational boundaries.

Core Competencies of Marks & Spencer

The core competencies are vital for the existence of Marks & Spencer; it is in its sourcing methods, gave it the power to deliver high value, reliable, consistent quality, investors and customers has trusted it, its quality of management was ranked very high, consequently feeling of what good for Marks & Spencer was good for the Nation and epitomized the most honest face of commerce.

Since the revolutionary change in the business world, Marks & Spencer had to suffer a lot. After the crisis of 1999, Marks & Spencer has remarkably amended its strategies in terms of products, customers, price and marketing strategy. As a result of e-commerce revolution Marks & Spencer amended its strategy and started e-commerce which ultimately changed its marketing strategy. A large number of the same product in the market caused the Marks & Spencer to adopt a differentiation way such as own brand products and Premium brand appearance. Since there are so many products out there in the market that is decreasing the sell of Marks & Spencer, due to the threat of the substitute product Marks & Spencer has reviewed its prices of the product in order to create competitive advantage.

Explain how your organization has responded to change in its environment and consider whether this response has effective

The change in the product price from Marks & Spencer creates a competitive advantage fro it and it is much effective for the organization. The enhancement in the place of its firm can also be beneficial in the way that it is in the access of as many people as targeted. All these response to the environment from Marks & Spencer could provide it some space to restore its position in the market.

List what you would consider to be the major functional area in generally and discuss the three major functional areas of organization of choice and why this is so.

Every business have work within certain functional areas, among them there are few general major functions performed in all businesses including finance and accounts, production and operations, administration and IT support, human resource, marketing and sales, customer services, and research and development. The major functional areas of Marks & Spencer are sales and marketing, human resource and administration and IT support. They are the major functional areas of the organization because Marks & Spencer is a retailer of goods, its business growth very much depends on the sales and marketing, human resource (the people and the staff serve the organization can make difference in the growth of the organization) and administration and IT support make the business process smooth and successful. Since the competition is so tough in the market, Marks & Spencer must improve their major functional areas.

How have the three major functional areas in organization been developed to provide it with a competitive advantage?

Efficient and good sales and marketing strategy can play an important role to develop a competitive advantage for the organization. Decrease in the price by change in the marketing strategy increases the competitive advantage for the organization. Human resource is such a function that works as a back bone for an organization, skilled and trained human resource of the Marks & Spencer can provide a competitive advantage through inputting the best to serve the organization. Administration and IT support has come out as one of the vital function of the organization since organization has initiated e-commerce, it can efficiently perform as support to e-commerce to give competitive advantage to the organization.

Discuss how a timetable for the implementation of a strategy could be developed around key milestones.

The implementation of a strategy roadmap needs a time table that defines milestones in weekly, one month, three month, and six month intervals. Implementation milestones should be established and communicated to all key business partners, the board of directors, stakeholders and investors, customers, and employees, from day one. The best timetable and milestones focus on at least the following dimensions: customers, competitors, finance, communications, and culture, intellectual property, globalization, governance, leadership, investors, marketing, partners, information & technology, products, sales, processes and policies and space and inf