

Business culture and strategy

[Business](#), [Strategy](#)



Student name: Course title: Business culture and strategy SCN: Outcome No. 1-5 Group: Access name: Report for Business Cultural & Strategy of J D Wetherspoon company Date: Content I. Introduction 2 II. Discussion 2 Section 1 External Environment 2 SPELT analysis 2 SWOT analysis 4 The management use on how to conduct a SWOT analysis 5 Section 2 Organization culture 6 Business culture: shared values & taken for granted assumption 6 Four types for organization culture 7 Culture influences organization behavior 8 Another organization culture for J D Wetherspoon 9 Section 3 Business Strategy 9 Business strategy definition and types 10 Business strategy for J D Wetherspoon and benefits 11 Compare two different strategies how to affect the behaviors 12 Some factors changing business strategy 13 Business strategy and strategic choice 14 The key issues had to take account in order to manage the strategy 15 Section 4 change 16 Use forces for change analyze the change reason 16 Choose one factors and definition 17 The effective management role for change 18 The advice to help the company analysis the change 19 III. Conclusion 20 IV. Recommendation 20 V. Reference 21 I. Introduction This report will discuss the business culture and strategy of the JD Wetherspoon.

At first, the changes in the external environment which J D Wetherspoon has faced since it was founded in 1979 are analyzed. The second is clear the relationship between organization culture and organization behavior. The third is that compare and definition clearly the strategies of the company so that they can use to deal with the change in the future and how management can cope with change will be advised as follows. II. Discussion Section 1: External environment 1. The examples of social, technological,

economic, political and legal factors which have affected the way the organization has behaved. Socio-cultural factor The higher style will increase the demand of the drinking. In 1980s, many people wanted to have a quiet place for family gather and friends playing or conversation. This changing brought considerable opportunities to pubs development (Quain, 2009). ? The kinds of public entertainment places are limited. The monotone restaurant can not following the step of new age. This is also a good opportunity for pubs development (Quain, 2009). Political factor ? The government policy not encourages the pubs. The government not encourages the pubs so that the purchase approaches decreased and the price increased (Quain, 2009). The government prohibits drinking for particular crowd. The government release policy that prohibits drinking for particular crowd such as teenager and driver so that the customers of pubs are obvious reduce (Quain, 2009). Economic factor ? The supplier increase usually affects the customer quantity. During 2002-2004, supermarkets began selling drinks at loss-leader prices and the premium larger which brought affect for the sale price and the market of the pubs (Quain, 2009). ? The market appears to be over-supplied. The retail licensing market had adapted to the changes in the ' tied house' system and other retail pub chains had been developing their business. Then the market appears to be over-supplied (Quain, 2009). Legal factor ? A legal born will change pubs situation. The traditional link between the brewing companies and pubs known as the ' tie house' system had been cut by beer order in 1989. Pubs acquired a good change (Quain, 2009). ? The ruling from the Monopolies and Mergers Commission. Because the ruling from the Monopolies and Mergers

Commission which severely limited the number of pubs which a brewer could operate, this is also a capital change in the pubs market (Quain, 2009). Technological factor The different provide is always a determination to win the market. Pubs have a ventilation system to ensure that the customer can not smell the smoke and adapted toilet for any customer even the disabilities (Quain, 2009). ? Improve the beverage alcohol to suitable the market. In 2004, the pubs reduce the amount of alcohol in its cocktail pitchers and create the new product which is beverage with alcohol. This is a better way to developing the pubs well (Quain, 2009). 2. Using a SWOT analysis to explain the relationship between JD Wetherspoon and the environment it is facing during the early years of the 21st century.

Strength ? People are its best asset The flexible training and the high treatment for staff is also provide many opportunities so that they are build a sense of loyalty (Wetherspoon, 2009). ? The better product quality The pubs of J D Wetherspoon sell a wide range of real ale beers at relatively low price and good quality wine. This is achieved the customer satisfaction (Wetherspoon, 2009). Weakness ? Single product can not satisfied more customer The pubs only offer the drink and beverage, but the other pubs have some list for breakfast or dinner. Then many customers had to choice the other pubs (Wetherspoon, 2009). No music and no TV show JD Wetherspoon pubs did not show World Cup football and sales suffered as a result in 2002. And there are also no music player be offered. This situation leads to many customers choice the other pubs (Wetherspoon, 2009). Opportunity ? Merge the Lloyds pubs and acquire their management advantage In 2000, it acquire the Lloyds pub chain consisting of 10 pubs so

that the JD Wetherspoon acquire many different menu from it and this action as a stronger entertainment element bring a bigger market to the pubs (Wetherspoon, 2009). Enter into a new industry development JD Wetherspoon began to developing budget hotel accommodation known as ‘Wetherlodges’ which have bar facilities attached to them. This is a new opportunity to develop JD Wetherspoon and accumulate competition advantage (Wetherspoon, 2009). Threat ? The supplier for customer increase During 2002-2004, supermarkets began selling drinks at loss-leader prices and the premium larger which brought negative influences to JD Wetherspoon in the intensified competition (Wetherspoon, 2009). ? The market appears to be over-supplied.

The overall result has been an increase in the number of pubs, and then the JD wertherspoon must suitable the over-supplied market (Wetherspoon, 2009). 3. Prepare a set of guidelines that the management of JD Wetherspoon should use on how to conduct a SWOT analysis such as one you have just undertaken. Use the perfect staff management as strength to catch the opportunity and avoid the threat is most important in the management. ? To avoid threat influence ? Threat In this case, the retail market had adapted to the changes in the 21st century so that many pubs are appearance which result the over-supplied market.

At the same time the supermarket began selling drinking and has a low price make more and more people drinking at home. Then, there was increasing public and government concern about binge drinking that not encourages the pubs. ? Use strength to avoid Under the pubs market suffers a big shock, the company uses the perfect staff management to affect that the sales and

the profit growth have also slowed down and the share price in the stock market is also fall. ? To catch the opportunity

Then under the perfect staff management, the company review the operations and change the weakness so that it acquire the Lloyds pubs in 2000, at the same time the company use the stronger strength to catch the opportunity that they began to developing budget hotel accommodation known as ‘ Wetherlodges’ which have bar facilities attached to them. The company acquires the Lloyds NO 1 bar concept in the hotel and developing the pubs at the same time so that the company can suitable the market changing. Therefore, the company can development well and catch more profit from two different fields.

Section 2: Organization culture 1. Explain the organization culture in JD Wetherspoon in terms of ‘ shared values’ and ‘ taken for granted assumptions’ in an organization. You should illustrate your explanation with ONE example of each element from the case study. For each example, you should say why it illustrates this aspect of organizational culture. ? Share values People are best asset is shared value in J D Wetherspoon. In JD Wetherspoon, the staff involvement and communication is a good shared value. They kept in touch with weekly newsletters, a monthly company video and by publicizing the minutes of Board meetings.

The company has a great importance on the listening to and acting on and feedback from members of staff on all aspects of the business. Staffs can discuss the issues which are provide in Board meeting and are rewarded for their good suggestions. Each staff is like the manager has a common goal, so all the members in the company are work hard to achieve the share value. ?

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Take for granted assumptions Moon under water is an assumption for J D Wetherspoon. In JD Wetherspoons, they do not play music or show TV programmes to keep silence.

And at least a quarter of the space in each establishment is non-smoking, and it has each as a ventilation system which aims to ensure that customers do not leave smelling of smoke. As the company motto is 'cleanliness, beer, services and maintenance', all the activity is order to ensure that the members of the company suitable the organization culture intangible and create a new style of pubs to bring their customers more satisfactions. 2. Explain the type of culture that JD Wetherspoon has, using a recognized model of organizational culture. Give examples to justify why you have chosen this type of culture.

According to Charles Handy's theory, there are four types of organizational cultures which are separately power culture, role culture, task culture, and person culture. In this case study, JD Wetherspoon has the power culture. ? Power culture It is fairly common, particularly in economies that are growing and rely heavily on the smaller organizations to provide the economic foundation. (SQA, 2004) ? The reason to choice this culture is definite explain as follow In this case, the JD Wetherspoon has a focal person who the founder is named Tim Martin, when the company was a small organization.

He is the key to sits in the whole organization centre, surrounded by ever widening circles of intimates and influence. Tim Martin had all the powers and made all the decisions and his personal business views, philosophy and values formed the company's organizational culture. His imaginary pub called ' Moon under Water', he want to offered cheap beer, good
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conversation and solid architecture. As a result, the company motto of J D Wetherspoon is 'cleanliness, beer, service and maintenance'. Therefore, the destiny of the company was largely dependent on Tim Martin's personal capability as the power culture characteristics. . Using the type of culture you identified in part 2 above, what is the relationship between organizational culture and organizational behavior in JD Wetherspoon. Power culture always has a direct impact on organizational behavior. The destiny of the company was largely dependent on Tim Martin's personal capability as the power culture characteristics as follow. ? The pub called 'Moon under Water' by Tim Martin willingness With the power culture, the pubs sell good quality wine and real ale beer at relatively low price, and do not play music or show TV programmes to keep silence. ? J D Wetherspoon had a policy of expansion

With the culture, all the atmosphere and facilities of the pubs must be provided by Tim Martin's required. ? Tim Martin said the 'People are best asset' With power culture, the company makes the staff involvement and communication. Staffs can discuss the issues which are provided in Board meetings. ? The staff belief of the power person With this culture, he had all the powers and made all the decision. There were 95% of staff were happy to support the Martin's decision in the pubs. Then, the relationship between organizational culture and organizational behavior is consistency 4.

To what extent would the management approach in JD Wetherspoon be different if the company had adopted a different culture? Again, make use of the same model that you used in part 2 above. If the JD Wetherspoon had adapted to the task culture the management approach will be different as

follow: BehaviorsPower cultureTask culture Power controlTim Martin had all the powers and made all the decisions. Team owned the autonomy and decision-making power. There is a high risk to make a bad decision. Resource allocationAll members of the organization use the common resource to operate.

Equipped with resources reasonable to each team so that the resource lack. BusinessgoalsachievementTim Martin personal business views affected all the staff. Each team leader has a different business views and required for the pubs operate. Staff willingnessThey are co-ordinate well and have a common willingness such as 95% were happy for the pubs to be used in Martin's ' No' campaign. They are co-ordinate only present in each team, and each team has a different willingness. Each team like an independent organization not includes all the staff in the company. Section3: Business strategy . Briefly explain four possible strategies which organization may adopt. In each case, indicate the environment which would be appropriate for the strategy concerned. Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations which include: Overall Low-Cost Provider Strategies, Broad Differentiation strategy, Best-cost Provider Strategies and Focus strategy (Chen, 2009). OverallLow-Cost ProviderStrategies Overall Low-cost provider strategies are make achievement of meaningful lower costs than rivals the theme of firm's strategy which in the pubs industry. And the important is that find approaches to achieve a cost advantage in ways difficult for rivals

to copy or match. And the low-cost leadership means low overall costs, not just low manufacturing or production costs. ? The external environment to use this strategy:

When the market price competition is vigorous and product is standardized or readily available from many suppliers or there are few ways to achieve differentiation and the buyers are large and have significant bargaining power (Chen, 2009). ? Broad Differentiation strategy Broad Differentiation strategy is find ways to differentiate that create value for buyers and are not easily matched or cheaply copied by rivals, and not spending more to achieve differentiation than the price premium that can be charged. ? The external environment to use this strategy:

Need to value and please customers when buyer needs and uses are diverse. At the same time, few rivals are following a similar differentiation approach and technological change and product innovation is fast-paced (Chen, 2009).

? Best-cost Provider Strategies Best-cost Provider Strategies are combining a strategic emphasis on low-cost with a strategic emphasis on differentiation.

Under this strategy, company makes an upscale product at a lower cost to give customers more value for the money. ? The external environment to use this strategy: It need to the company have a large scale and high hard operating with a long ime. And the decision maker have a clearly strategy mind to achieve the objectives (Chen, 2009). ? Focus Strategy Focus strategy

involve concentrated attention on a narrow piece of the total market and choose a market niche where buyers have distinctive preferences, special requirements, or unique needs to develop unique capabilities to serve needs of target buyer segment. ? The external environment to use this strategy: It

has a geographic uniqueness and specialized requirements in using product or service, or when the company only need to special product attributes to appeal niche buyers (Chen, 2009). 2.

Which strategy did J D Wetherspoon appear to be following during the 1980s and 1990s? Justify your decision and identify four benefits that J D Wetherspoon gained from this strategy. During the 1980s and 1990s J D Wetherspoon adopted the broad differentiation strategy. Justify this decision Through external environment analysis when J D Wetherspoon entered into the pubs market, people's consideration has changed from drinking to socializing when they go to pubs. ? In order to suitable to this change, it developed unique social-bars to satisfy the changing of customers' needs which include do not play music or show TV programs. Each pub has a ventilation system which aims to ensure that customers do not leave smelling of smoke and the pubs also pay attention to the toilets even for customer with disabilities. Due to the internal analysis is that there is a unique and perfect people policy which people is best asset. So this is a broad differentiation strategy. Identify four benefits The benefits that JD Wetherspoon gained from this strategy as follows: ? This strategy brought JD Wetherspoon an opportunity to quickly expand itself in the pubs market.

In 1992, JD Wetherspoon only consisted of a chain of 44 pubs, while it now has more than 700 pubs. ? Large number of customers brought large amount of cash flows and over 50% of the finance for the new developments came from the cash generated by the business. ? Improve the market value in a period. In 2002, about 10 years after flotation, its share price rose to more than ten times its original value. ? It makes the company have a large

competition advantage. It successfully attracted large numbers of customers to set up themselves brand and customer loyalty. J D Wetherspoon seems to be following a different strategy during the 21st century from the one that it adopted during the 1980s and 1990s. Compare two different strategies with respect to the influence that each had on the behaviour of the organization. J D Wetherspoon has a different strategy during the 21st century and during the 1980s and 1990s. The difference will be compared as follows: Different strategies will lead to different management styles. Changes Old strategy (During the 1980s and 1990s) New strategy (the 21st century)

Broad Differentiation strategy	Focus Differentiation strategy	Organization Behaviors
They sell real ale beers and good quality wine.	They do not play music or show TV programmes.	All day serve food provide and sold cheap prices
Removed price incentives to drink larger measures of spirits and reduced the amount of alcohol.	Some pubs now show televised football.	Serve breakfast and open earlier in the morning before normal licensing hours begin at 11: 00 a. m.

4. Assess the factors that J D Wetherspoon had to consider when changing its business strategy.

According to analysis the JD Wetherspoon growth, it had to change the strategy to suit the market when it faces the factors as follows. Socio-cultural factor ? The people's willingness is increasing With the society developing, the new style is instead of the old style entertainment places. The monotone restaurant can not following the step of new age. Political factor ? The government policy control There was increasing government concern about binge drinking. Pubs cannot be seen to be encouraging this

state of affairs as it brings them bad publicity. ? Economic factor The supplier increase During 2002-2004, supermarkets began selling drinks at loss-leader prices and the premium larger. This made it difficult for pubs to compete on price and encouraged drinking at home. ? The market appears to be over-supplied. The overall result has been an increase in the number of pubs, and then the market appears to be over-supplied. ? Weakness ? Single provide can not satisfied customer The pubs only offer the drink and beverage, but the other pubs have some list for breakfast or dinner. JD Wetherspoon pubs did not show TV program and play music. 5.

Explain how the experience of J D Wetherspoon illustrates the connection between the terms business strategy and strategic choice. The business strategy is including: Overall Low-Cost Provider Strategies, Broad Differentiation strategy, Best-cost Provider Strategies and Focus strategy. But the JD Wertherspoon is choice the focus differentiation strategy in 21st century. And why the company choice this strategy is clearly as follow: External factors ? The government policy limited the pubs development There was increasing government concern about binge drinking and pubs cannot be seen to be encouraging.

It must be change the strategy that it removed price incentives to drink larger measures of spirits and reduced the amount of alcohol in its cocktail pitchers in 2004. ? The supplier increase affect the competition During 2002-2004, supermarkets began selling drinks at loss-leader prices and the premium larger. Then the company competition position was reduced so that the strategy needs to change. Most pubs now have a dedicated family dining area where children and adults can eat together. Internal factors ? Single

provide can not satisfied customer The pubs only offer the drink, but the other pubs have some list for breakfast or dinner.

Then the strategy must be changed that pubs now serve breakfast and open earlier in the morning before normal licensing hours begin at 11. 00 a. m. ? No TV program and no music can not follow the market JD Wetherspoon pubs did not show World Cup football and sales suffered as a result in 2002. And there are also no music player be offered. Then the company needs to choice the new strategy to attract the customers. So in 2004 the pubs start to show televised football. 6. Describe the key issues that J D Wetherspoon has had to take account of in order to manage its business strategy.

With many factors change the business strategy must be change to ensure that the JD Wertherspoon can suitable the market and win the competition. There are two key issues that it has had to take account of such as: ? Clear the objective In order to complete the new strategy perfect, it need to the company have a large scale and high hard operating with a long time and the decision maker must have a clearly strategy mind. ? Avoid risk The company must pay attention to the below points: a best -cost provider may get squzzed between strategies of firms using low-cost and differentiation strategies.

And low-cost leaders may be able to siphon customers away with a lower price. And high-end differentiators may be able to steal customers away with better product attributes. Section 4: Change 1. With reference to ' force for change', explain why the strategy of JD Wetherspoon changed over time. The aspects of force for change theory include customer expectations, technology, competition, legislation, economy. The reason for the strategy <https://assignbuster.com/business-culture-and-strategy/>

changed over time is described as follow: ? Customer expectations In 1980s, people's consideration changed a lot and many people wanted to have a quite suitable place.

So this changing brought considerable opportunities to JD Wetherspoon development. But in the 21st century more and more people hobby to drinking at home or require a higher place to satisfy themselves. Then the strategy must be change to gain the demand and attract more customers. ? Technological factor Binge drinking had brought some anti-social behaviors, the pubs are not encouraged by government. The JD Wetherspoon had to reduce the amount of alcohol in its cocktail pitchers. And improve the promotion so that the profit is decrease a lot. Competition By the start of the 21st century, JD Wertherspoon was facing much more competition, then the market now appears to be over-supplied. The JD Wetherspoon pubs did not play music and no TV programmer leads to many customers choice the other pubs which have showed the televised football. ? Legislation According the ruling from the Monopolies and Mergers Commission which severely limited the number of pubs which a brewer could operate, JD Wetherspoon acquired a better opportunity as a retailer entering into the pub market. ? Economy

During 2002-2004, supermarkets began selling drinks at loss-leader prices and the premium larger. This made it difficult for pubs to compete on price and encouraged drinking at home, which brought change for the sale price and the market of the JD Wetherspoon. Therefore, the strategy must be changed over time to catch the opportunity and avoid the threat to ensure that the company can own the competition advantage to run well in the

market. 2. Choose ONE of the following: stakeholder power; business goals; organization culture; business ethics; socialresponsibility.

Explain how the factor you have chosen could lead to change in JD Wetherspoon. Organization culture leads to change in JD Wertherspoon. ? Reason for chose The culture of the organization is created by organization members behave toward each other and approach their work. But the organization can not exist well then the culture will be not keeping balance so that the current culture can not be maintained. So the company needs to change in the future. ? Reason to lead to change In this case, Tim Martin as the founder of JD Wertherspoon has been working on twenty five years since 2004.

But Tim Martin gave up day-to-day control in 2004 to become non-executive chairman working two days a week. With the power culture, he was the key to sits in the whole organization centre and had all the powers and made all the decisions and his personal business views, philosophy and values formed the company's organizational culture. To this power culture, if the center of the company changed the culture may be faced influence. At the same time the JD Wertherspoon faced a lot of problems and market competitors lead to the operating income maintain down fast.

Therefore, with the destabilization culture, the strategy must be changed to ensure that the company suitable the market well and acquire more competitor advantage to win the competition. 3. Explain the role that the management of JDW could play in dealing with the changes that have occurred during the period since the year 2000. According to the research the management has five roles to be played in the company, which is <https://assignbuster.com/business-culture-and-strategy/>

including director, expertise, negotiator, educator and participator. Management role is to decide on and implement a suitable change strategy.

In the case study, the management roles of JD Wetherspoon seemed includes director, educator and participator. ? Director role Managers of JD Wetherspoon can use all the powers to impose changes and make a decision, which would help JD Wetherspoon quickly implement the changes and reduce the change risks. ? Educator role The management educates the staff to know ‘ involvement and communication’. It is a good example to help them understand and accept the changes. The suitable education is always motivating the staff and improves their power use to face change. ? Participator role

Participator role is that the manager gives staff chance to discuss the issues which refer from the board meeting. So it can help the managers better implement the changes and help the employees of JD Wetherspoon know how to resist the change. The three roles are also continued to affect the future of JD Wetherspoon. 4. What advice would give to the management of JD Wetherspoon to help them analyze a change situation and to overcome any resistance to change. Use Lewin’s Change Model (Chen, 2009) to analyze the change situation is advised to the management of JD Wetherspoon.

There are three steps to analyze change situation and to overcome any resistance to change are as follow: ? Unfreezing The company must create a sense of need for the change, and establishes sense of urgency in the members of the JD Wetherspoon. Due to many competitors had been come into the pubs market, the management of the JD Wetherspoon need to <https://assignbuster.com/business-culture-and-strategy/>

acquire the experience from guiding coalition. At the same time, the company needs to create a vision and communicate the vision with the staff to minimizing resistance to the change. ? Changing

When the changing is occurred in people, tasks, structure, and technology, the manager need to empower people to act on vision and create ‘ short-term’ wins and consolidates improvements to produce further change in the end. ? Reinforcing When the changing is end, the company need to reinforcing the change and judging success to modifications so that look for some new institutionalize approaches III. Conclusion The changes in the external environment which J D Wetherspoon has faced since it was found in 1979 have analyzed and the relationship between organization culture and organization behavior are considered clearly.

The report also evaluates the business strategies which J D Wetherspoon adopted during the period covered by the case study. Many strategies have been compared clearly and specifically, combined with the strategies to deal with the change of the company and consider how management can cope with change. IV. Recommendation Due to the change of the pubs industry, the recommendation for the JD Wetherspoon is that use short time to investigation what is the market need and use the strategy to plan to change the company, but need to ensure that the people policy is continue.

And analysis the competition advantage of the other pubs and hotel to combine the management of two industries to create the new strategy to make differentiation. V. Reference David Quain red. ts Ltd (2009), “ challenges and opportunities”, Available: [http://www. red-ts. com](http://www.red-ts.com) (Accessed: 2009) J D Wetherspoon (2009), “ Discover JD”, Available: <http://www. https://assignbuster.com/business-culture-and-strategy/>

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