Lenovo strategic management – assignment

Business, Marketing

Strategic Management of Lenovo in Mainland China PC Market. Background information Lenovo Group Limited is ranked as China's largest and the world's fourth biggest personal computer manufacturer, after Hewlett-Packard and Dell of the U. S. and Acer of Taiwan. The group is a key manufacturer of desktops, laptops, servers, handheld computers, imaging equipment, and mobile phone handsets. Lenovo also provides information technology integration and support services, and its QDI unit offers contract manufacturing. Its executive headquarters are based in Beijing, China and in Morrisville, North Carolina, USA. The company was founded in 1984 by a group of eleven Chinese engineers, headed by Liu Chuanzhi, in Beijing.

Originally known as Legend Group Ltd and New Technology Developer Incorporated, the company had since undertaken an adventurous move towards globalizing its operations in acquiring IBM's PC Division by which the group has now been transformed into a major international personal computer manufacturer. As a result of the acquisition in 2005, Lenovo has gained the rights to the product lines as well as licensed trademarks for a range of products such as ThinkVision, ThinkPad, ThinkVantage, ThinkCentre, Aptiva, and NetVista. . 2 The objective(s) of the final report assignment: The Lenovo Group, which has originally been established by native Chinese nationals as a company which embraces traditional Eastern business values, recognizes the needs for it to revolutionize its strategic business orientations and directives as globalization of business operation has become an inevitable trend for corporations to stay ahead of fellow competitors in the fiercely competitive market for personal computers.

As far as the acquisition is concerned, the group now has to face the potential clashes between traditional Eastern values and prevailing Western values which are, by and large, very dissimilar from what the group has experienced in its early years of expansion and growth. A phase of adaptation and assimilation is necessary for the group to digest and incorporate new sets of values into its incumbent ones.

The primary objective of this research report is to embark on a thorough investigation on the existing strategic management strategies practiced within the Group. By looking at related general guidelines and corresponding statistics, data, financial and sales records, the report is intended to illustrate on the importance of strategic management in gaining a company certain competitive advantages in the contemporary business environment.

In addition to that, this research report will critically evaluate the above-mentioned practices currently being deployed in the Group; henceforth constructive recommendations for future improvement in the field of strategic management could be suggested and a feasible model which aligns generic corporate strategies with appropriate strategic management might be constructed. 1. 3 The scope of the final report:

The scope of this final research report will be encompassing issues associated with generic strategic management dogma, e. g. conceptual theories and real-time strategic management practices observed in Lenovo Group Limited. It is crucial to recognize the fact that in today's competitive global business environment, budget-oriented planning and forecast-based planning methods are no longer sufficient for any multi-national corporation (MNC) to survive and thrive.

Today's corporate world must actively engage itself in strategic management planning processes which explicitly define objectives and methodology and assess both external and internal environments to formulate a set of corresponding strategies in order to meet challenges posed from both demanding clients and fellow competitors. This research report will attempt to illustrate on the details pertaining to the formulation of such strategies, the appropriate implementation of those strategies, and the eventual evaluation of outcomes resulted from such strategies in either quantitative or qualitative parameters.

Within the section of conclusion and recommendations, relevant adjustment measures will be suggested so that the strategic management process shall be introduced and executed more smoothly. The whole research report will be constructed with analysis concluded from concrete evidence including statistics and records collected from both theoretical concepts and real-time operations being implemented in Lenovo Group Limited. 2. Literature review 2. 1 General definition of corporate strategic management:

Corporate strategic management is generally defined as the science, art and craft of formulating, implementing and evaluating cross-functional decisions at the highest possible level of an organization that will enable an organization to achieve its long-term objectives. It is the process of specifying an organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are in turn designed to achieve these objectives and then allocating resources to implement the policies and plans, projects and programs.

The function of strategic management is to seek to coordinate and integrate the activities of the various functional areas of a business in order to achieve long-term organizational objectives. Strategic management mainly focuses on building a solid underlying infrastructure to a business set-up that will subsequently be reflected through the combined efforts of every individual the organization employs. As a matter of fact, strategy management consists of competitive moves and business approaches to produce successful and profitable performances for an organization.

The entire process of strategic management should be regarded as an on-going and continuous process rather than a discrete one which evaluates and controls the business and the industries in which the company is involved; assesses its existing and potential competitors and formulates goals and strategies to meet all existing and potential competitors' demands; and then re-assesses each strategy annually or quarterly, i. . regularly, to determine how it has been implemented and whether it has succeeded or there is a need for a replacement strategy to meet constantly altering circumstances, new technology, new competitors, a new economic environment. , or a new social, financial, or political environment (Lamb, 1984: ix). More often than not, strategic management is considered as the top-most level of managerial function.

Corporate strategies are typically planned, crafted or guided by the chief executive officer (CEO), approved or authorized by the organization's board of directors, and then implemented and executed under the close supervision of the organization’s top management team or senior executives. The foremost function of corporate strategic management is to provide overall direction to the whole business enterprise and is closely related to the field of organization studies.

In the contemporary field of business administration, it is essential to take into consideration of strategic alignment between the organization and its environment; strategic alignment is alternatively known as strategic consistency. According to Arieu (2007), there is strategic consistency when the actions of an organization are consistent with the expectations of management, and these in turn are consistent with the market and the context of which the organization operates in.

The advantages of having a business plan embracing strategic consistency are that an organization’s competitive position can be strengthened, customers’ demands can be readily satisfied, and a clear path in achieving corporate objectives can be laid out for everyone involved in the organization. 2. 2 The clear layout of corporate mission and objectives: A clear layout of corporate mission and objectives is necessary for any organization as the gist of corporate strategic management hinges upon answering the three basic questions concerning corporate managerial function in general.

The three questions are what the business venture’s objectives are, what the best ways are to achieve those pre-determined objectives, and what resources are required to make that happen. Henceforth, it is important to unambiguously map out corporate mission and objectives so that everyone involved with the organization knows clearly what responsibilities and duties are expected from him/her. The process of formulating an organization's core objectives can have several phases.

Firstly, it is essential to assess the landscape within which the organization will be operating in, and determine the set of roles of which the company will be playing within the landscape identified. This step is commonly known as the mission statement identification phase. Secondly, the organization should move on to the phase of establishing practical and feasible objectives which are explicitly defined to address some of the unmet challenges, projecting both a long- and short-term perspective of what the organization is capable to offer to its clients and what are the limitations of the organization's operations.

This phase is commonly known as the vision statement identification phase. Last but not least, it is vital to stipulate the goals the organization has set for itself, both in terms of financial and strategic objectives. Once these three steps have been taken, a strategic plan should begin to emerge. The next phase in the formulation of a successful strategic management is to construct a detailed plan by which the organization is able to accomplish what it has set out to do.

Within this phase, a chain of commands should be put in place, pairing individuals who possess the corresponding skills, knowledge, and experience in order to meet the business's needs and objectives. From there, responsibilities for various processes and tasks should be appropriately distributed across the entire chain of command, delegating tasks to teams and individuals so that the organization's goals can be attained through the combined efforts of all employees. This includes communicating responsibilities and deliverables, e. g. hat needs to be done, how priorities should be allocated, and how the results of those tasks shall be measured and evaluated. Finally, strategic management entails allocating the right amount of resources to the different components of an organization so that those who are assigned to a particular task have what they need to accomplish their objectives. This ranges from providing employees with the right supplies to enacting systems by which employees receive the necessary training; all work processes should be adequately tested and all job-related information and data generated should be documented and chronicled.

To effectively manage a business set-up strategically, every facet of the organization must possess adequate resources on hand to meet differing task requirements, so that all integral parts of an organization are able to function together as a seamless and highly functional unit. A critical but often overlooked aspect of strategic management is the need for it to be both planned and unplanned. An organization's top management team must take the initiative in setting out how the organization should function and operate, but they must also be dynamic and resourceful in order to respond to emergency situations as they arise.

Strategic management should never be seen as a static process that can be limited to a linear process. Often, unforeseen results ensue which can be both positive and negative Strategic managers and planners must be able to respond to occurrences that cannot be predicted beforehand. Effective strategic management is thus lithe and flexible, enabling organizations to move quickly in response to new challenges, and replace outdated ideas and practices with most up-to-date processes that can help the organization meet new challenges as they present themselves. 2. Strategic management planning process: Corporate strategic management is a combination of three main processes; they are namely strategy formulation, strategy implementation, and strategy evaluation respectively. This three-step corporate strategic management formation process is sometimes referred to as the determinant to assess what the organization’s current market position is at, where the organization is heading towards, and by what strategies and measures the organization is ready to deploy to get there. These three questions basically constitute the essence of strategic planning.

The strategy formulation phase encompasses performing a primary situation analysis, an objective self-evaluation analysis, and a thorough competitor analysis which covers both internal and external; both micro-environmental and macro-environmental analysis. Concurrent with this assessment, organizational objectives are laid out and finalized. These objectives should be parallel to a timeline; some are in the short-term category whereas others fall into the long-term category. This involves crafting vision statements, i. e. ong term view of a possible future, mission statements, i. e. the role that the organization has given itself in a society, overall corporate objectives, i. e. both financial and strategic, strategic business unit objectives, i. e. both financial and strategic, and tactical objectives. These objectives should, in the light of the situation analysis, suggest a strategic plan. The plan in turn will provide the details of how to achieve these pre-set objectives. Once a set of strategies has been determined, the subsequent strategy implementation phase kicks off.

The strategy implementation phase includes allocation and management of various resources of which an organization has in its possession, e. g. financial, human/personnel, time, technology and et cetera. The organization must then establish a chain of command or some other alternative management structures such as cross-functional teams. The top management team of the organization has to assign responsibilities concerned with specific tasks or processes to specific individuals or teams. This particular phase within strategic management also involves the process of managing itself.

This aspect includes monitoring results, comparing to benchmarks and optimal practices, evaluating the efficacy and efficiency of the process, controlling of variances, and making proper adjustments whenever necessary to the process as situations arise. When implementing specific programs, this involves acquiring the requisite resources, developing the process, conducting training regimes, process testing, documentation, and integration with, e. g. and/or conversion from, legacy processes. Thus, it becomes inevitable that problems are bound to occur during this phase of strategy implementation.

Contingency plans should be put in place to back up any potential short-coming existing in the main plan. In order for a policy to work, there must be a level of consistency expected from every single individual involved with an organization, including those from the top management team and ordinary employees. This is what needs to occur on the tactical level of the management as well as on the strategic level. The strategy evaluation phase is about measuring the effectiveness of the prevailing organizational strategy.

It is an extremely important component in the corporate strategic management function as this phase involves conduction of a SWOT analysis or a PESTEL analysis to examine the strengths, weaknesses, opportunities and threats, e. g. both internal and external, of the entity in question. All these may require certain precautionary measures to be in place to safeguard the integrity of the entire strategic management plan. Occasionally, the evaluation phase will call for a total overhaul to alter the entire strategy plan so that the alignment between corporate objective and corporate strategic management can be better achieved.

In terms of corporate strategy, management experts Johnson and Scholes have presented a model in which strategic options are evaluated against three key success criteria: suitability, acceptability, and feasibility. Collectively, three of them are known as evaluation parameters. 2. 4 Strategic management evaluation parameters: 2. 4. 1 Suitability: The aspect of suitability mainly deals with the overall rationale of a management strategy. One of the most important points to consider here is whether the strategy would effectively address the key strategic issues underlined by the organisation’s strategic position.

The suitability aspect attempts to answer the question of whether the finalized set of strategies makes economic sense after all and if there would be profitable outcomes to be generated through the implementation of such strategies for the organization as a whole. Another important question to always keep in mind when conducting a litmus test for a set of strategies is to ask the question of " whether the organization would obtain economies of scale, economies of scope or experience economy. The suitability aspect also examines in terms of environments and capabilities. Various tools that can be used to evaluate the aspect of suitability include ranking strategic options, decision trees, and the what-if analysis. 2. 4. 2 Feasibility: The aspect of feasibility is concerned with the resources required to implement the strategy; whether they are available in sufficient quantities and whether they can be developed or obtained from other ready sources. Such resources include funding, personnel, time and information, e. g. ata and records. Feasibility testing tools that can be used to evaluate the aspect of feasibility include cash flow analysis and forecasting, the break-even analysis, and the resource deployment analysis. 2. 4. 3 Acceptability: The aspect of acceptability is generally concerned with the expectations of all identified stakeholders, e. g. mainly shareholders, employees and customers, with the expected performance outcomes which can be return, risk and stakeholder reactions. Return reactions deal with the benefits expected by the stakeholders, i. e. inancial and non-financial. For example, shareholders would normally expect a net increase of their invested wealth in the organization they have chosen, employees would expect improvement or advancement opportunities in their careers, and customers would expect better value for their money. Risk reactions deal with the probability and consequences of the occurrence of a failure associated with a particular set of strategy, i. e. financial and non-financial. Stakeholder reactions generally deal with the anticipation of a probable reaction from stakeholders.

As shareholders of a public-listed organization, they have the rights and the power to facilitate or oppose issues such as the launch of new shares, employees will tend to form unions which would disagree with decisions such as outsourcing due to the fear of losing their jobs as a consequence of that, and customers could have concerns over a merger event with regards to the compromised standard of quality and support services they might receive as a result of the merger. Tools that can be used to evaluate the aspect of acceptability include the what-if analysis and the stakeholder mapping analysis. . 5 The general approaches in strategic management: Generally speaking, there are two main approaches involved with strategic management practices, each of them is somehow opposite or contradictory to one another but complements each other in some other ways. The first approach is known as the industrial organizational approach which is based on the economic theory that deals with issues like competitive rivalry, resource allocation, economies of scale. This particular approach makes certain assumptions about rationality, self-discipline behaviour, and profit maximization.

The second approach concerned with corporate strategic management is known as the sociological approach which deals primarily with human interactions. This particular approach makes certain assumptions regarding bounded rationality, satisfying behaviour, profit sub-optimality. An excellent example of a company that currently operates in this way is Google. Conventional strategic management techniques can be viewed as bottom-up, top-down or collaborative processes. In the bottom-up approach, employees submit written proposals to their superiors, e. g. anagers who, in turn, channel the selected best ideas further up the corporate ladder. This process is often accomplished by a capital budgeting process. Proposals are assessed using financial criteria such as return on investment or cost-benefit analysis. Cost under-estimation and benefit over-estimation are major sources of error involved in this type of strategic management practices. The proposals that are approved form the main body of a new strategy, all of which is done without a grand strategic design or a strategic architect. The top-down approach is the most common by far.

Within that particular approach, the chief executive officer, often with the assistance and help from a strategic planning and management team, decides on the overall direction the company should be heading towards. Nowadays, some organizations have started to experiment with collaborative strategic planning techniques that recognize the emergent nature of strategic decisions. 2. 6 Hierarchical levels in strategic management: Conventionally, corporate strategic management can be categorized into three hierarchical levels; they are namely corporate level, business unit level, and functional or departmental level respectively.

These three levels of management can be observed in most large corporations of today. Combined together, they give directions to corporate values, corporate culture, corporate goals, and corporate missions. Corporate level strategies refer to the overarching strategies of the various organizations in question. These corporate level strategies attempt to answer the questions of " in which businesses should an organization competes in? " and " how does being in these business create synergy and/or add to the competitive advantage of the corporation as a whole? At this level of corporate strategic management, overall directives are decided by the top management team of an organization and a general operational model is formulated. Business unit level strategies refer to the aggregated strategies of single-business company or a strategic business unit (SBU) in a diversified corporation. According to management expert Michael Porter, a firm must formulate a set of business strategies that incorporates either cost leadership or differentiation, or focuses on achieving a sustainable competitive advantage and long-term success in its chosen arenas or industries.

Functional or departmental level strategies include marketing strategies, new product development strategies, human resource strategies, financial strategies, legal strategies, supply-chain strategies, and information technology management strategies. The emphasis within this level of management is on short- and medium-term plans and is limited to the domain of each department's functional responsibility. Each functional department attempts to carry out its duties in meeting overall corporate objectives, and hence to some extent their strategies are derived from broader corporate strategies.

Many organizations consider that a functional organizational structure is not an efficient way to organize activities so that they have re-structured and re-engineered according to respective processes or Strategic business Units. A strategic business unit is a semi-autonomous unit that is usually responsible for its own budgeting, new product decisions, hiring decisions, and price setting. A Strategic Business Unit is regarded as an internal profit centre by its parent corporate headquarters. An additional level of strategy known as operational strategy was introduced by Peter Drucker in his theory of management by objectives concept (MBO).

His theory is very narrow in terms of focus and deals primarily with day-to-day operational activities such as scheduling criteria. It must operate within a pre-determined budget and is not at liberty to adjust or add on to that budget. Operational level strategies are generally informed by business level strategies which, in turn, are informed by corporate level strategies. Since the turn of the millennium, some firms have reverted to a simpler strategic structure driven by advancements in information technology (IT).

It has been widely recognized that knowledge management systems should be used to share available information and create common goals. Strategic divisions are thought to have obstructed this process. This notion of strategy has been captured under the rubric of dynamic strategy, popularized by publications from Carpenter and Sanders. Their work has built on those of Brown and Eisenhart as well as Christensen and portrays firm strategy, both business and corporate, as necessarily embracing ongoing strategic change, and the seamless integration of strategy formulation and implementation.

Such changes and implementations are usually incorporated into the strategy through the staging and pacing facets. 3. Research Methodology For the purpose of this final research report, I have attempted to assemble relevant data in terms of tables, figures and data concerned with Lenovo Group Limited’s operational records through the following channels: 1. Lenovo Group Limited’s official website, which provides a comprehensive coverage on the operations of the company including materials on financial records, market share, total annual revenues and dividend information.

These above-stated real-time financial records can be coupled with theoretical concepts on strategic management in formulating a more vivid picture of such practices. 2. Feedback gathered from various publications on the reputation and customer satisfaction index about the company. I have duly carried out this aspect of my research through extensive reviews on Lenovo Group Limited’s past performances which must have had a direct impact on its investors’ confidence about the company. 3.

Past newspaper articles, financial or economic reviews and interviews with key company appointment-holders published on Lenovo Group Limited have also been included in my research. From this perspective, I shall be able to gather what is the general public opinion about the company and in which aspects the company should attempt to better itself the most. 4. 2. Scholastic research papers will be included in order to acquire an up-to-date knowledge on the latest trends in development of strategic management practices. 4. Analysis of Results 4. 1 General analysis methodology:

This is the section on how conceptual theories from literature review section shall be mapped onto real-time strategic management practices observed in Lenovo Group Limited's corporate operations. Probably the most influential strategist of the last decade is Michael Porter. He introduced many revolutionary theoretical concepts including the 5 forces analysis, generic strategies, the value chain concept, the strategic groups theory, and the theory of clusters. In the 5 forces analysis, Michael Porter has identified the various forces that help shape an organization's strategic environment.

It is something similar to a SWOT analysis with analysis aiming to examine both the structure and purpose involved in an organization's operations. It shows how a firm can utilize these forces to obtain a sustainable long-term competitive advantage. Michael Porter has modified Chandler's dictum about structure following strategy by introducing a second level of structure: organizational structure follows strategy, which in turn follows industry structure. Michael Porter's generic strategies detail the interactions between cost minimization strategies, product differentiation strategies, and market focus strategies.

Although he did not explicitly introduce these terms, nevertheless he showed the importance of choosing one of them rather than trying to position any particular company between them. He also challenged managers to assess their industry in terms of a value chain. An organization will be successful only to the extent that it contributes to the industry's value chain. This measurement of organizational success against industrial value chain has been widely embraced by the global business community ever since.

This notion has forced management to take a closer look at its operations from the customer's point of view. Every operation should be examined in terms of what value it adds in the eyes of its final customer. 4. 2 SWOT & PEST analysis models: The SWOT analysis model is a popular strategic planning method used to evaluate the strengths, weaknesses, opportunities, and threats involved in a project or in a business venture. The PEST analysis model is another such analysis tools intended to examine issues from differing perspectives.

The abbreviation PEST stands for, political, economic, social and technological. The model describes a framework of macro-environmental factors used in the environmental scanning component of strategic management of an organization. The political aspect in the PEST analysis is concerned with taxation policies, employment laws, environmental regulations, trade restrictions and imposition of specific tariffs involved in Lenovo Group Limited's daily operations in mainland China. The general political environment in mainland China, e. g. xisting communism and intended socialism, must be taken into consideration as this research report is centered on the organization's activities in mainland China. The economic aspect in the PEST analysis is concerned with economic growth rates, interest rates, exchange rates and inflation rates associated between various financing sources and Lenovo Group Limited. The social aspect in the PEST analysis is concerned with cultural implications, health consciousness, population growth rates, age distribution, career attitudes and safety concerns between Lenovo Group Limited, as an employer and its employees.

The technological aspect in the PEST analysis is concerned with various determinant factors such as barriers to entry, minimum efficient production level, R activities, level of automation, technology incentives and the rate of technological change involved in Lenovo Group Limited's technological advancements in upgrading its existing technologies. [pic] 4. 3 Issues of which strategic management aims to resolve: The widespread acceptance of positioning theory in relation to strategic management practices has begun in the 1980s.

Although the theory actually originated from Jack Trout's works in 1969, it has only been able to gain popular acceptance when Al Ries and Jack Trout published their classic piece, " Positioning: The Battle for Your Mind" (1979). The basic premise in that is that a strategy should not be judged by internal organizational factors; rather than that, a strategy should be gauged by the way customers see it relative to the competition. Crafting and implementing a coherent strategy involves creating a position in the mind of the collective consumer.

Several techniques have been applied to positioning theory; some of them are newly invented whereas most techniques have shown the tendency to draw inspirations from other disciplines. Perceptual mapping for example, creates visual displays of the relationships between positions. Multi-dimensional scaling, discriminant analysis, factor analysis, and conjoint analysis are mathematical techniques used to determine the most relevant characteristics known as called dimensions or factors upon which positions should be based.

Preference regression can be used to determine vectors of ideal positions and cluster analysis can identify clusters of positions. The positioning theory has been introduced to the concept of strategic managerial function in which consumers' needs are collectively analyzed and addressed. Lenovo Group Limited has been the first ever Chinese IT player to enter into a strategic partnership with Bull in forming a strategic alliance on NovaScale servers to target fast-developing server market opportunities in mainland China.

The Lenovo-Bull alliance will address key application segments such as business intelligence, enterprise resource planning and secure Internet-based application servers, as well as High-Performance Computing (HPC). This adventurous step taken by Lenovo Group Limited has demonstrated that the Group has placed tremendous emphasis in relation to positioning theory as it differentiates its customer base into various categories and prioritize the ones with most unexplored potential as its top priorities.

Many experts in the field of organizational management have argued that internal organizational resources management is the key factor in strategic management. In 1992, Jay Barney, for example, regarded strategy as an assembly of the optimum mix of resources, including human, technology, and supplies; and subsequent configuration in unique and sustainable ways. Management experts such as Michael Hammer and James Champy have felt that these resources need to be restructured and re-aligned in order to achieve optimal results for an organization.

This process that they have labeled as re-engineering, involves organizing the entire organizational assets around holistic processes rather than individual tasks. In this way, a team of people will be able to see a project through, from its inception to completion. This would avoid functional silos in which isolated departments have limited opportunities to communicate with each other. It also helps resolve the issue of redundancy due to functional overlaps and inadequacies in inter-departmental communications.

In 1989, Richard Lester and the researchers at the MIT Industrial Performance Center identified seven best practices and concluded that organizations must accelerate the shift away from industries concentrating on mass production of low cost standardized products to highly value-added products of sophistication and quality. The seven areas of best practice include simultaneous continuous improvement in cost, quality, service, and product innovation; breaking down organizational barriers between departments; eliminating layers of management and creating relatively flatter rganizational hierarchies; forging closer relationships with customers and suppliers; promoting intelligent uses of new forms of technology; adopting a global and far-reaching focus; and improving human resource skills. The search for best practices is also known as benchmarking. This involves the process of determining which aspects in the field of organizational management an organization needs to improve on, locating an organization that displays exceptional performance in the area of interest, then studying the chosen organization and applying its best practices in one's own organization.

This search for best practices method can be observed in the strategic alliance formed between Lenovo Group Limited and Bull. With Bull NovaScale servers and its related experience in this field, Lenovo Group Limited has all key assets in hand to transform this business alliance into a great success story. These servers offer what the Chinese market demands in the first place: performance, manageability, robustness and cost-efficiency, said Mr.

Yang Yuanqing, Lenovo President. He also added that Lenovo is now able to provide a unique standard-based open solution to process the huge data amounts of the Chinese market as the Group draws expertise from Bull’s best practices which have been proven over the years to be highly successful. A substantial group of management theorists have expressed their opinion on the area where most Eastern business set-ups are most lacking is product quality. People like W.

Edwards Deming, Joseph M. Juran, A. Kearney, Philip Crosby, and Armand Feignbaum have suggested quality improvement techniques like Total Quality Management (TQM), continuous improvement, lean manufacturing, Six Sigma, and Return on Quality (ROQ) to rectify such issues. An equally large group of management theorists have felt that poor customer service is the root of the problem. People like James Heskett (1988), Earl Sasser (1995), William Davidow, Len Schlesinger, A.

Paraurgman (1988), Len Berry, Jane Kingman-Brundage, Christopher Hart, and Christopher Lovelock (1994), have invented fishbone diagramming, service charting, Total Customer Service (TCS), the service profit chain, service gaps analysis, the service encounter, strategic service vision, service mapping, and service teams to salvage this problem. Their underlying assumption is that there is no better source of competitive advantage than a continuous stream of delighted customers.

To incorporate such ideology into the aspect of strategic management, Lenovo Group Limited has implemented numerous service enhancement programs to its operations in order to improve the qualities of its products and services rendered to its customers. As an integral component encompassed in corporate strategic management, process management combines some of the techniques from product quality management and some of the techniques from customer service management into a more unified-looking approach to uphold the quality of services an organization will be able to provide to its customers.

The whole process looks at an activity as a sequential process. The objective here is to detect inefficiencies and make the process more effective through rectifications and adjustments. Although the procedures have a long history, dating back to Taylorism, the scope of their applicability has been greatly widened under the contemporary global business environment, leaving no aspect of the firm immune from potential process improvements. Because of the broad applicability of process management techniques, they can also be used as a basis for competitive advantage.

Many corporate management experts have realized that businesses are generally spending much more on acquiring new customers than on retaining the currently existing ones. Carl Sewell, Frederick F. Reichheld, C. Gronroos, and Earl Sasser have showed us that how a competitive advantage could be found in ensuring that existing customers return again and again over time. This has come to be known as the loyalty effect after Reicheld's book of the same name in which he broadens the concept to include employee loyalty, supplier loyalty, distributor loyalty, and shareholder loyalty.

To further illustrate this theory in more tangible details, they have also developed techniques for estimating the lifetime value of a loyal customer; this is know as the customer lifetime value (CLV). A significant corporate movement has started that attempts to recast selling and marketing techniques into a long-term endeavor that creates a sustained and amicable relationship with customers called relationship selling, relationship marketing, and customer relationship management. Customer relationship management (CRM) software together with its many variant forms has become an integral tool that sustains this trend.

As a result of scholastic research advancements in this field, strategic management experts have realized that they need to incorporate customer retention policies into general strategic management practices in order to minimize the capital input regarding expanding new customer base. In accordance to this particular theory, Lenovo Group Limited's challenge lies in retaining the existing customer base inherited from IBM. This can only be made possible as the Group re-invents its existing strategic management strategies to include customer retention programs into them.

Management theorists James Gilmore and Joseph Pine have found competitive advantage in mass customization. Flexible manufacturing techniques allow businesses to individualize products for each customer without losing economies of scale. This method has effectively turned the product into a form of service. They also realized that if a service is mass customized by creating a “ performance” for each individual client, that service would be transformed into an “ experience”. Their book, The Experience Economy, along with the work of Bernd Schmitt has convinced many organizations to regard service provision as a form of theatre.

This particular school of thought is sometimes referred to as customer experience management (CEM). Like Peters and Waterman a decade earlier, James Collins and Jerry Porras have spent years conducting empirical researches on what it takes to make great companies. Six years of research have revealed a key underlying principle behind the nineteen successful organizations that they have chosen to study: all of these organizations have encouraged and preserved a core ideology that nurtures the organizational growth.

Even though strategies and tactics keep changing daily, the organizations in question, nevertheless, have been able to maintain a core set of values. These core values which have been imbedded into strategic management theories encourage employees to build an organization that lasts. In Built to Last (1994), they have claimed that short-term profit goals, cost cutting, and restructuring will not stimulate dedicated employees to build a great company that will endure. In 2000, Collins coined the term “ built to flip” to describe the prevailing business attitudes in Silicon Valley.

It describes a business culture where technological change inhibits a long-term focus. He also popularized the concept of the Big Hairy Audacious Goal

(BHAG). As demonstrated by IT companies in Silicon Valley US, Lenovo Group Limited has much to learn on value building among its employees. Arie de Geus (1997) undertook a similar study and obtained similar results. He identified four key traits of companies that had prospered for 50 years or more. They are: • Sensitivity to the business environment, i. e. the ability to adapt, learn and adjust, • Cohesion and identity, i. . the ability to build a community with personality, vision, and purpose, • Tolerance and decentralization, i. e. the ability to build mutually respectable relationships, • And conservative financing with an emphasis on budgetary planning. An organization with these key characteristics is known as a living company because it is able to sustain and perpetuate itself. If a company emphasizes knowledge rather than finance, and considers itself as an ongoing community of human beings, it has the potential to attain the status of greatness and endure for decades.

Such an organization is an organic entity capable of self-learning, i. e. Geus has called it a " learning organization", and capable of creating its own processes, goals, and persona. 5. Conclusions and recommendations: 5. 1 Conclusions: For Beijing-based Lenovo, the acquisition of IBM's PC business has signaled the arrival of mainland China as a global player in key industries. Lenovo Group Limited has since gained access to the worldwide PC market and quickly become a major computer manufacturer with more than US$12 billions in annual sales.

It also gets exclusive access to the IBM logo for five years and permanently acquires the ThinkPad brand as a result of its acquisition. The aspect of public relations (PR) is an integral component of traditional Chinese management and consequently the general Chinese public will see this as a reverberating victory for China. However, the acquisition of IBM's PC lines has posed numerous challenges to Lenovo as it can no longer operate within a " closed-door" environment, i. . a government-sanctioned environment such as that of mainland China, the Group has to revamp its strategic management regime in order to meet the inevitable challenges faced by all organizations who intend to expand globally into unfamiliar territories and economic systems. As the recently-retired Lenovo chairman Liu Chuanzhi has noted, globalization is the only option for Lenovo Group Limited which has very little growing space left in the domestic Chinese market.

However, he has also added that globalization of the Group operations would present potential risks mainly in three areas: " One is whether the new Lenovo will be accepted by IBM's former clients and the global PC market; second is whether IBM employees will still be proud as employees of a new organization with a totally dissimilar background, and third, whether the two corporate cultures, i. e. IBM and Lenovo, can be successfully consolidated and incorporated. Indeed, critics have noted the challenges that Lenovo faces does not just exist in trying to combine two different cultures, but also in managing highly complicated logistics and supply chains, and moving forward in an industry with increasingly shrinking profit margins. In order for Lenovo of China to be Lenovo of the world, the newly-appointed chairman of Lenovo, Yang Yuanqing has stated that the Group will not be satisfied with the number three position it current occupies. The Group will formally mount a serious challenge to the other two major competitors in the global PC market.

Yang Yuanqing has added that the Group's top management team has analyzed in-depth on the reasons why there is no profit for IBM's PC business. IBM has evolved into a service-oriented company over the years with focuses on products/services generating high returns to investments. But the PC business is still at a stage where efficiency spells success, and that is the fundamental causation why IBM's previous business model has not worked according to expectations. In order to attain high efficiency, there has to be grand-sized product scale.

IBM has only chosen to focus on the big corporate clients, with less coverage for the middle-sized clients. This has hurt IBM in the fierce competition with its rivals like Dell. On the other hand, Lenovo Group Limited is traditionally strong where IBM is weak and that is why the Group is confident about the future. 5. 2 Recommendations: Lenovo Group Limited is not in the typical category of a state-owned company in mainland China. Founded in 1984 by academics at the official Chinese Academy of Sciences, it has been initially set up to distribute equipment made by IBM and other companies. By 1990 it was selling PCs under its own rand name. Although the state is the majority owner, the Academy of Sciences was designed to create start-ups and allow them to fail as they would in a capitalist society. Inevitably, most of them did. The Academy of Sciences spawned a lot of companies and Lenovo is the only significant survivor. The company has not been sheltered from competitions by the government as expected with regards to the norm taken by the Chinese government towards state-owned enterprises and in turn the company has been able to keep the government interferences at bay with its stellar performances over the decades.

In recent years, however, Lenovo Group Limited has suffered some setbacks. It has attempted to branch out into new product lines only to retreat after it has failed to keep focusing on its core business and subsequently conceded market share in mainland China. To reclaim lost share, Lenovo has started a painful price war by offering the equivalent of US$300 PCs at a great expense of profits. It has been noted Lenovo is still able to defend its domestic market share, but still the Group urgently needs economies of scale that the IBM acquisition will be able to provide to compete both in mainland China and abroad.

With appropriate strategic management practices put in place, the Group should be much better equipped to deal with issues such as investment appraisal directives so that it will not be tempted into another price war which could hurt the organization financially. Over time, Lenovo Group Limited will have to confront shrinking profit margins in the global PC business and perhaps follow IBM’s lead by branching out into product development and services. It will also have to navigate the challenges of acquiring a larger entity than its own.

In addition to its massive workforce, IBM has US$9 billions in PC sales compared to US$3 billions for Lenovo. In the end, however, the acquisition deal is likely to go down as a win-win situation and Lenovo Group Limited has opened the door towards becoming a global player in the worldwide PC market. While there are suggestions about Lenovo Group Limited's management will have to learn the methods involved with Western-style capitalism, the Group is confident that they will be able to overcome those obstacles effortlessly. Lenovo Group Limited's executives will also have to learn to be among the top echelon of orporate management team in the world. It is of critical importance for us to keep in mind that any theoretical advancement in the field of strategic management should always be corresponded by an improvement in the practical operation of a real-time company. In other words, theories are only as good as their embedded practicality to be applied in the daily operation of a company. Moreover, as the field of strategic management is one of such that is undergoing continuous evolutions and incessant reformations, we will always face situations in which controversy is inevitable.

Open-mindedness is then an imperative characteristic of which we should equip ourselves well with. After we have perused and analyzed the operational records of Lenovo Group Limited and compounded this summative final research report, we should have gained the understanding that financial management is more like an applied social science rather than a purely theoretical subject. 6. Bibliography and references: 1. Lamb, Robert, Boyden Competitive strategic management, Englewood Cliffs, NJ: Prentice-Hall, 1984 2. Hammer, M. and Champy, J. Reengineering the Corporation, Harper Business, New York, 1993 3.

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