

Final strategic plan essay sample

[Business](#), [Management](#)



Riordan Manufacturing recognizes the fact that they are an industry leader in plastic injection molding and supplier of plastic medical devices. Riordan also recognizes that they are not progressing in the industry as they would like. Recognizing the need to create better value products which will increase sales is the first step in this plan for sustainability. Riordan needs to obtain new customers. In order to do this, they must predict customer needs, become familiar with global changes, create better relationships, and secure sustainability. Gaining a competitive edge by utilizing newer technology will help reduce costs. After a closer look at the structure of Riordan, it is believed that several shortfalls exist between the relationship of goals and reality. Riordan is urged to consider the following strategic plan which outlines structure, plan goals, implementation, and evaluation.

Riordan's Manufacturing History and Leadership Overview

Profile/History

Riordan Manufacturing is a state-of-the-art plastic industrial company that specializes in plastic injection molding and innovative designs of plastic products and packaging. Because of their progressive thinking and innovative products, Riordan's has now established a reputation as one of the world's leading plastic manufacturers as this global enterprise now employs over 500 employees worldwide (University of Phoenix, 2012). In 2000, Riordan's manufacturing undertook major expansion efforts and because of those efforts, you can now find Riordan's in places, such as Georgia, Michigan, San Jose California, (headquarters), and China (one of many several countries Riordan's have expanded to).

Riordan's mission is to leverage current and future innovative technology so their organization can 1) Maintain their reputation as one of the world's leaders in plastic manufacturers. 2) Continue to provide their consistently growing consumer base (current and future) with state-of-the-art plastic products and solutions. From a manufacturing perspective, Riordan's is an ISO 9000 accredited organization that manages their entire organization through the Six Sigma quality management approach (Tavangaran, 1999). Riordan's uses the Six Sigma to a) streamline their daily operations, b) improve their manufacturing process and make it more efficient, c) maintain a positive public perception and relations, d) cut costs by reducing or eliminating defects in their products or services to their consumers.

Leadership Overview

Riordan's founder and Chief Executive Officer (CEO) believes that Riordan should always maintain a high level of diversity and positive reputation for taking good care of their employees and consumers. The CEO of Riordan wants the managers of his organization to motivate his or her employees (through career development programs, pay for performance reward systems, etc.) so that Riordan can sustain a high employee retention rate. To carry out this mission and many others, Riordan's CEO has implemented a strong leadership structure that includes: Senior Vice President of Riordan's Research and Development (Kenneth Collins): This individual is responsible for conducting the research that helps Riordan's manufacturing teams create their innovative plastic products. This individual is also responsible for ensuring the proper implementing of the Six Sigma quality management approach.

Operations Officer (Mark Neitzel): This individual main responsibility is to improve the job design process so that Riordan's can continue to operate at a high level of efficiency. Sales & Marketing Manager (Charles Lacy): This individual is responsible for Riordan's sales and marketing process, as well as any compensation for performance reward programs. Director of Human Resources (Yvonne McMillan): Assists with the hiring and survey process at Riordan's. Also ensure that Riordan's employees (managers included) are abiding by the ethical standards and behavior that has been established. Chief Information Officer (Maria Trinh): Is responsible for user friendly tools that help Riordan's successfully integrate their ERP and MRP systems into their national and international facilities. Financial Officer: Is responsible for ensuring that Riordan's financial systems are adequate, accurate, and up-to-date. This individual also oversees all the activities at Riordan's HR departments. Human Capital Senior Consultant: Is responsible for making recommendations that could help Riordan's improve things, such as their compensation systems, survey process, customer service department, etc.

Mission

Focus on attitudes and abilities that exceed industry standard
Lead industry in Research and Development

Maintain quality, offer reasonable price, continue to be innovative
Offer employees a team environment -where they are informed and supported

Maintain profitability

Vision

Focus on becoming industry leader in R&D

Management committed to innovation and technology

Effective work and efficiency from one division to another

Create a website that is more user friendly

Integrate the systems for uniformity and consistency

Continue growth in innovation and creativity while building a loyal customer base

Value

Offer consumer best quality and innovative products at the best price

Build on innovation and design at lower cost

IDEA Brief

PURPOSE : The purpose of the strategic plan is to create a better value for the customer thus increasing sales. Author: Team D Date: 11/19/2012 We are trying to create a plan that Riordan can implement in order to reach the sales goal of \$50 million within two years. INVESTIGATE

Current State:

Riordan needs to generate more sales through current customers as well as market and obtain new customers to reach its sales goal. Riordan is attempting to consolidate customer information into a CRM system. By consolidating customer information Riordan will be able to track customer's buying history and become aware of each customer's needs. Riordan can use this to analyze customer's data to see how often they purchase products. By doing so Riordan can always ensure they have the supplies on hand to cover the expected sales. This tool can be used to build a relationship with the customer which in turn can produce more sales.

Problem:

Riordan has set a 2 year goal to reach a \$50 million revenue mark. Riordan needs to be aware of the changes taking place around the world. For instance there is a world movement of “ going green”. Customers want environmentally friendly products. Riordan needs to take this into consideration and make changes to their products by manufacturing more environmentally conscientious products. This will accommodate customers’ needs as well as be used as a tool to market new customers.

Riordan can also analyze its relationships with its suppliers to ensure they are receiving the best performance possible from them. Riordan can also put forth an effort to negotiate better shipping rates since oil prices are expected to fall. Receiving lower costs from suppliers can allow Riordan to reduce the prices which can generate more revenue over the long run. This will create sustainability for Riordan.

Cause:

The challenge is staying current with the ever-changing needs of society as well as being aware of its competitors.

DESIGN**Future State:**

Perfection is reaching the \$50 million mark within 2 years by offering customers the best value. Riordan needs to attain the competitive advantage. Riordan needs to use the most environmentally friendly products available, biodegradable if possible, to appeal to their existing customers as well as potential customers.

Best Solution:

Biodegradable Plastics

Supplier costs reduced

Operations costs reduced

EXECUTE

Key Goals:

To reach at least 40% of new customers, which will go towards the \$50 million mark. Existing customers will be accounted for 60% of the sales increase.

Implementation:

Reach out to new customers through marketing, branding which includes attending tradeshow and leverage market research reports. Placing all of this information into the system can be used to track progress. Develop relationships with clients in order to maintain customer loyalty. Upload customer data into the new CRM system to keep track of each specific customer's order.

Riordan needs to offer promotions to employees as well as customers. If employees reach their sales goals they can be offered a large bonus. Customers can be offered 10 free items with the purchase of 100 of the same item. Riordan also needs to offer weekly discounts on products.

Riordan needs to grade its suppliers to ensure they are not failing in any area, because it could be detrimental to Riordan. Negotiating prices with suppliers is also key to get the best rate possible.

Expected Impact:

These incentives will motivate employees to strive to perform their very best. By offering large bonuses to employees it will give them the extra push they need to achieve their goals. They will feel as if their work is valued.

Customers like to feel as if they are getting a good deal. Offering discounts will lure more customers into buying products. Every customer likes “free”, offering promotions with free product is a great tool to gain new customers.

Suppliers can have faith that Riordan will be a customer of theirs for a long time. Therefore, they can offer Riordan lower rates. ADJUST

Reflection:

Feedback on what worked, what did not work, and why or why not; implications and recommendations based on new insights gained, new questions to pursue, and consider.

(University of Phoenix, 2012)

Riordan's Current and Proposed Strategy Canvas

Riordan's current and proposed strategy canvas are vital to the long-term success of Riordan's as well as many others as today's businesses use this tool to paint a clearer picture of the current and future strategic positions (value creation, opportunities, etc.) of their organization in their business environment. The information from Riordan's current and future strategy canvas will help Riordan a) identify which areas of opportunities they should eliminate or pursue. B) Graphically illustrate the different value elements (types of proposition investments) that will be available to them and their

competitors. C) Record all current and future competitive investments that are available. D) Gain a clearer understanding of the current and future state of activity within the plastic manufacturing industry. Riordan Strategy

Canvas Current Breakdown:

The current strategy canvas below displays the pros and cons that Riordan's strategists are currently facing in Riordan's business environment. For example, according to this chart, some current pros for Riordan include a) a slim advantage over their competitors research and development departments. B) A slight advantage in their ISO/9000 quality over their competitors, however, the chart shows that Riordan's gap is closing because of the rolling corrosion is taking place in some of Riordan's manufacturing procedures. In addition to its pros, the current strategy canvas below also shows business strategists that Riordan is currently trailing their competitors when it comes to things, such as marketing, advertising, sales force investment, and business operations tools. Riordan's Proposed Strategy

Canvas Breakdown:

Riordan's proposed strategy canvas shows that Riordan's strategists have decided to place a larger emphasis on a) improving the quality of their products, b) increasing their marketing investments to attract more shareholders, c) eliminating the pace of erosion. Although costly, the improvement in these has allowed Riordan's to increase their numbers in each of those areas so that they can become more attractive to distributors and suppliers in the medical and government industries. The ability to attract more shareholders and future contracts will allow Riordan to build up trust

with their current and future consumers so that they can sustain their competitive advantage. Riordan's Financial State and Return of Investment Statement (ROI)

Riordan's manufacturing would like to achieve world class financial performance to help with their long-term sustainability. To accomplish this objective, Riordan's strategists plan to 1) reduce the costs of their products through process improvements, 2) efficiently management their headcount. The previous initiatives were very effective as they allowed Riordan to earning \$50M in sales revenue, \$9M in operation earnings, and \$4. 5M in free cash flow (University of Phoenix, 2012).

Title

Goal

Objective

Financial

Achieve World Class financial performance.

Lower the costs of their products through process improvement.

Efficiently manage headcount.

\$50M in sales revenue.

\$9M in operation earnings.

\$4. 5M in free cash flow.

Riordan's Return on Investments (ROI)

$\$50M - \$9M = \$41M$

Environmental Analysis using Porter's Five Forces

Before strategy formulation, Riordan must analyze the external environment to identify the organization's threats and opportunities as well as the strengths and weaknesses. Performing this type of environmental scan will not only help Riordan avoid strategic surprise but it will also ensure the long-term health of the business. Porter's Five Forces will examine Riordan's threat of new entrants, rivalry among existing firms, threat of substitute products, bargaining power of buyer's, and bargaining power of suppliers.

Threat of New Entrants

The U. S. plastics industry is the 3rd largest U. S. Manufacturing Industry and is one of the fastest growing U. S. Manufacturing sectors. This definitely makes it an attractive market for new entrants. Riordan will need to keep an eye on its competitors, as the market is not only enormous but is clearly becoming more competitive as evidenced by a rapid increase of imports of plastic components and finished products from China (Eisenberg, 2012).

Rivalry Among Existing Firms

According to Manta, there are at least 375 plastic bottle manufacturers in the U. S., and over 3, 000 companies that manufacture plastic medical parts in the U. S. A similar search on Manta also revealed that there are over 2, 250 companies that manufacture plastic fan parts worldwide (" Manta", 2012). Clearly, rivalry could be an issue for Riordan, despite the fact that Riordan is an industry leader in the field of plastic injection molding (University of Phoenix, 2012). Threat of Substitute Products

Given the high numbers of existing firms that manufacture similar products, Riordan is definitely at risk that a competitor could take away market share with a substitute product. Continuing to produce the highest quality product with the help of existing ISO 9000 quality program at competitive prices will need to be a focus for Riordan to maintain differentiation in the market.

Additionally, Riordan's R&D departments will need to look for ways to patent processes and products to limit substitute products from becoming viable.

Bargaining Power of Buyers

With so many rival firms in the existing market and such an attractive market enticing new entrants, buyers clearly have multiple options, which will put pressure on Riordan to stay very competitive with pricing and offerings so the company can compete within the current market. The plastics industry is a buyer's market. Bargaining Power of Suppliers

Oil prices are expected to fall, reducing transportation and shipping costs. The value of the dollar is also expected to fall, making import opportunities less attractive; the two together will most likely balance out any positive or negative affect (University of Phoenix, 2012). The price of resin, however, moved higher in 2010, by about one-fifth and plastic buyers reported the market is heating up. Therefore, prices of raw materials and components are expected to remain fairly high (" Plastic Markets Snapshot", 2010).

Organizational Change Management

To gather everyone on board to start implementing the changes the organization needs to be aware of the reasoning behind the changes.

Management needs set up meetings with each department and explain the

changes that about to take place. Management needs to explain how valuable each person is and without their help the goals cannot be accomplished. Training and education need to be provided to the organization so the associates are equipped to implement the changes. Management needs to be available to answer any questions or concerns that associates might have that would prevent them from implementing the processes. Riordan needs to monitor the implementation continuously to ensure they are achieving their goals within the proper time frame.

Communication Plan (How To Develop A Communications Plan, n. d.)

Riordan needs to effectively communicate to its associates the changes that are going to take place. Riordan needs to explain that communications about

the changes will be via Email

Monthly Meetings

Marketing and Sales Tools

Signage

Speeches

Print

Associates need to be equipped with the proper knowledge in order to be able to perform the necessary actions. Each time a communication is sent it needs to meet certain criteria. Defined goal

Tools used to meet the goal

Timetable

Evaluation

Effective communication is the key to success and is the first step in ensuring the goals of Riordan are achieved.

Conclusion

The overall goal of this plan is to increase sales to \$50 million in two years. Riordan needs to utilize the given information to take advantage of the opportunity presented within this plan. Open communications, structured implementation, and continuous evaluation will guide this organization through the process of reaching its ultimate goal of increased profits and sustainability. The question this organization needs to ask is not “ Can we afford the plan?” The question needs to be “ Can we afford not to do this plan?” Remaining content with current operations will cause an unfortunate series of events that will cost every stakeholder involved. The opportunity to improve exists. It is the responsibility of Riordan Manufacturing to take advantage of this opportunity.

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