

Current situation essay example

[Business](#), [Company](#)



There is a significant need for strategic thinking in the company where I work. In particular, the company currently reported a net profit margin of 5%. However, the company made a loss of 2% during the first three quarters of the current accounting period. The company is doing extremely well but there are three competitors who provide goods and services at lower prices. It has weaknesses and strengths that have direct impact on its profitability in the industry. Better performance can only be actualized through strategic thinking.

Vision

The company's vision is to always employ its experience and competency in coming up with brand products which are innovative in the service industry. Besides, it endeavors to incessantly provide unique service and products to its customers.

Mission

The company's mission is to cultivate and to instigate human spirit, one neighborhood and one person all the time. The company strives to offer classic service and products with unique utility throughout the years. Equally, it endeavors to give value to its workers and to always create a satisfying and friendly environment.

Objectives

Financial objectives

Being the fastest growing bank in the world, the company aims to boost its earnings from the current 20% to 30% every year for consecutive three

years. Besides, it strives to double its market share within the next two years and to significantly increase the rate of its return on investments.

Strategic objectives

It endeavors to rapidly increase the number of its stores sores both locally and into the global markets by offering the niche customers distinctive service. Equally, it aims to increase the number of storefronts to 100, 000 globally.

Driving force

The established brand name of the company and the need to fully exploit focused differentiation strategy are the major driving forces. The focused differentiation strategy, unique capabilities, being profitable, efficient use of resources, and better growth, drive the company towards exemplary service provision even in difficult situations.

Assumptions

The strategic plan is based on Sun Tzu principle that an individual must be a character-based leader. It believes on the philosophy that a person should not be reckless, too compassionate, and quick tempered and overly focused on one's honor. The company assumes that its success is dependent on the provision of endless support to its subordinates and that every employee recognizes the company's core values in unique service provision.

SWOT

Established niche in the market, well educated employees, excellent customer service, cool company atmosphere and larger resource base as

strengths enable the company to offer unique service to customers.

However, its weakness is that it has a lot of costs. Emerging international markets and ability to maximally employ technology in its operations are some of the opportunities. However, there is threat mounted by emerging competitors as well as sharp increase in raw materials.

Analysis of strategic issue

The major strategic issue is how to enhance focused differentiation and profitability without passing higher costs to customers. The company is faced with different pricing strategies, skimming or penetration strategy. Skimming strategy presents the company as a high-end service provider and the same time sends away value for money customers. Even though it is likely to increase the company's profitability and service provision, competitors are likely to follow suit and make it unsuccessful.

Strategic alternative

The major key to sustainable successful innovation is where it not only about the people but processes (Hitt et al, 2008). This was also supported by Schultz. Therefore, creating a working environment which is friendly and innovative to employees is the best alternative for the company. This advantageous since it will enable the company to maintain its distinctive experience and to effectively employ high standards of service delivery to customer needs through the years. However, higher extra higher costs must be incurred while undertaking research and development in order to be constantly innovative which may lower company's profitability.

Recommended strategy

The company should aggressively offer unique high quality service, use focused strategy and continuously carry out research and development to meet customer needs.

Implementation

With its strengths of character, the company should begin with institutionalizing the idea in its internal and external environment. It will then increase the budget allocation on research and development and institute a committee to formulate various competitive mechanisms.

Hitt, M., Ireland, D. and Hoskisson, R. (2008). Strategic Management: Competitiveness and Globalization-Concepts & Cases. UK: Cengage Learning.