Marks and spencer decision making

This report has been based on the strategic decision making of Marks and Spencer. Marks and Spencer is a retailer based in United Kingdom that was founded in 1884. About 21 million people visit the stores of company in one week. Company deals in clothes, household products and food. Clothing business of company generates about 49% sales whereas 51% sales of company come from food business. In this report, strategic decision making process of Marks and Spencer will be analyzed in the light of existing literature. The responsibilities and planning process of different authorities of the company will be analyzed which impact on its strategic decision making process. International marketing trends, opportunities and approaches used by the company for expanding in merging markets will also be looked upon.

Demonstrate the understanding of strategic decision making using your knowledge and understanding of business principles to critically reflect on the strategic management of an organization

The strategic decision making is a continuous process that involves creation of strategies in order to achieve goals of organizations that are based ob observed outcomes. Strategic decision making is a detailed process which deals with all types of decisions taken by the managers (Elbanna, 2006). The process of strategic decision making is not static. Researchers have emphasized on adopting a continuous approach of decision making according to changing environment. For instance, managers at a Pizza restaurant have an objective of increasing sales in the current period. To achieve this objective, they implement a strategy of offering low prices so that customers are attracted to the Pizza restaurant and sales volume rise. Now, the process of strategic decision making does on end on implementing the new strategy. The managers need to review the outcomes of new strategy in terms of sales volume. The managers will assess that whether the new strategy has increased the sales volume or not. After assessing the outcomes of new strategy, controlling measures are taken by managers. Thus, strategic decision making is a continuous process of planning, organizing and controlling.

Strategic decisions are non routine decisions of organizations that involve leadership art as well as a science of management. In strategic decision making context, routine decisions relate with efficient management of organizational resources in accordance with the established principles and clearly understood the technical management of using those resources for achieving defined goals and objectives (Christensen, 2000). Routine decisions are undertaken by middle level managers and supervisors. Whatever the management level is, strategic decision making involves a certain level of leadership. Strategic leadership influences the achievement of describable objectives and goals by influencing allocation of resources, organizational culture and building consensus.

Now the question about strategy remains there. Strategy is established as key influence on the performance of business. Several authors have emphasized to make distinction between content of strategy and strategic decision making (Henden, 2004). Content of strategy deals the strategic decision making whereas process deals the formulation and implementation concepts.

Strategic management consists of the decisions and accomplishments acclimated to devise and implement strategies that will accommodate a competitively superior fit between the organization and its environment, to accredit it to accomplish organizational objectives (Amason, 1998). It can also be declared as the action of management required to accredit an organization to move from present state to a state where it wants to be in the future. Strategic management is about a sense of management and adjusting this with an organization's aims.

Strategic management is not the same as strategic planning, although it may cover it. Strategic planning is associated with an action which is carried out a little afar from the line management of the organization. Management needs to review strategic planning at specified intervals in order to check the achievement of desirable objectives. Strategic planning needs to be associated with medium and long term planning which extrapolates trend curve for the key business variables and assumes an accepted approaching point at which the organization will arrive (Bengfort, 2000). On the other hand, strategic management is concerned with establishing a competitive advantage, acceptable over time, not artlessly by tactical management, but by adopting a long term perspective.

While strategic management is concerned with all areas of management, it is not the same as management of daily activities because it is concerned with the issues affecting the fundamentals of the organization. Many researchers have argued that setting the strategic directions can be the most complicated task for the top management of an organization because strategy is about an uncertain future. It is also necessary to mention that external environment of an organization is not static; it is continuously changing and unpredictable (Bonabeau, 2002). Organizations may achieve superior performance not by the matter of luck, but by making appropriate choices. Strategic management emphasizes that the role of modern managers is to advance dynamic roles even after the organization has become established, because the greatest claiming to management accomplishment now is the acceleration of change in the modern business environment.

It can be argued that in the environment in which managers plan today, change is the accustomed adjustment of things and the important management accomplishment is the management of change (Dozier, 1992). Once a company is accustomed, the management role may appear to be one of administration and control, but in reality there are so many changes taking place in the manager's environment that every needs to devise a strategy to deal with them. All types of organization whether private, public, corporate or non profit, need strategic directions for survival. Companies such as Marks & Spencer need a sense of management with purpose. The owners or shareholders in companies and the stakeholders in accessible bodies want to know that there is a future for their organization if they are to abide to support it (Garvin, 2001).

Marks and Spencer may apply a rational model of strategic decision making since the management apperceive the capabilities of their design team, manufacturers, costs of assembly and the income from sales. For instance, it is fact that in summer bikini sales will rise. Marks and Spencer can accordingly account the costs and acknowledgment application the computational strategy. They know for an actuality that in summer bikini sales will go up. Luthans (1998) states when applying this model the decision maker consistently strives to maximize outcomes in the firm. Decisions are directed to the point of best accumulation where marginal cost equalizes marginal revenue. A downside of this decision making model is that it needs a great commitment of time and a huge amount of information in order to accomplish objectives effectively. To accomplish Marks and Spencer goals this would be an effective strategy as success is guaranteed.

Demonstrate and evaluate the strategy and process undertaken to implement strategy, manage, and understand its impact on the organization

The decisions making process, as anybody knows from personal experience is a burden-some task. Analysis of decision stands on a foundation of thousands of years of philosophical and practical anticipation about ambiguity and decision-making.

A scientific description of an organization describes what decisions individuals accomplish as organizational participants and the influences to which they are accountable in authoritative decisions (Simon, 1958). Therefore, organizations have a bi-fold role; they abridge decisions and they accord assistance to participants in their decisions.

Several authors have proposed definitions of organizational strategy, but those provided by Andrews (1971) are most frequently cited in the literature. Andrews (1971) described corporate strategy as the arrangement of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the arch polices and affairs for accomplishing those goals, and defines the ambit of business. The company needs to pursue the human and economic organization that it intends to be and also the nature of economic and non economic participation that it intends to make to its employees, shareholders, customers, and communities.

It is not easy to comprehend the difficulties encountered in devising and implementing strategy if one ignores the actuality that the abstraction of strategy and the process of devising it a reality are inseparable in any organization (Abernethy, 2005). Although a huge literature has been devoted to the methods of allocation assets adherence from the economic point of view, it is appropriately important to compassionate that decisions are the outcome of organizational and political processes.

In fact, strategy process analysis as applied to organizational settings has a continued history dating back to Barnard (1938) and Simon (1958). Barnard (1938) observes the organization as cooperative system which is a process of continuous readjustment to the biological, physical, social, and environmental resources as a whole. Cyert and March (1963) elaborate how decisions are in reality made, rather than how they should be made. The researchers describe that if one considers the cognitive limits of human beings together with ambiguity and abridgement of acceding over goals, again the processes are absolutely altered from those ahead declared by managers and researchers.

These authors reinforce the abstraction that resource allocation is not a simple choice, but an authoritative process. In addition to this, the specific important decision, fabricated at a specific point in time, does not exist without a set of abutment decisions developed at an accurate time and in an accurate context. Rather, the decision making is long process, spread over a considerable time period, and involves abounding humans at different levels of the hierarchy. Cyert and March's (1963) plan prompts others to view allocation of resources not as a single choice but as an organizational process.

Content studies on strategic decision making focus on the idea of the strategic accommodation itself and on the accord between specific decisions and achievement outcomes. In contrast, the strategic decision making as an activity focuses on the actions that advance to and support strategy. It is a set of accomplishments and activating factors that begins with the identification of a stimulus for activity and ends with the specific commitment to activity (Mintzberg, 1976). The strategic decision making activity is anxious with how finer the decisions are affiliated with the firm, and also how finer they are accurate and implemented. Thus history, political clusters and the individual limitations of the organizational actors are important to the achievement of the decisions. In addition, the behavioral interactions of the individuals, groups and authoritative units are as important as the interface between the close and its environment. Therefore, the emphasis should be on the advancing arrangement with a past, a present and a future. It should consider the captivation of all actors in such demanding processes with the decision making processes of the alignment that constitutes the political dimension. It should also consider the cognitive processes of individuals who understand the external factors and internal capabilities of the organizations. After evaluating these approaches to the strategic decision making process, it is obvious that an understanding of them cannot be independent in a simple paradigm (Chenhall, 2003). They are multidimensional; they board activity initiation, goal, means, ends, choice, and absolute characteristics. Before planning and initiating decision making process, an organization has to understand several factors. The key factors that impact on all organizations are political, economic, social and technological.

These factors are frequently referred to as PEST factors. Political changes like change of government could affect the minimum allowance that Marks and Spencer workers are paid (Miriam, 2011). Economic factors such as inflation could affect the prices of garments. The social factors that would need to be taken into consideration are lifestyle changes and demographics, Marks and Spencer would need to consider the area where their target market stood. Technological advances could also affect Marks and Spencer sales. Globalization is a huge environmental change affecting Marks and Spencer. Globalization is the access in cross border economic, social and technological exchange. For organizations it increases competition and the need for economies of scale (Miriam, 2011). An example would be if Marks and Spencer chose to bisect abiding relationships with British clothing manufacturers in adjustment to source supplies from countries which are low cost. There are also environmental factors affecting Marks and Spencer such as green issues and the carbon footprint. Marks and Spencer has devised 'Plan A' on their website they state that 'Plan A' is their five-year, 100-point plan to tackle some of the better challenges facing their business and their world (corporate. marksandspencer. com). Through this plan, they will work with their customers and suppliers in order to deal with climate change, minimize waste, protect natural resources and trade ethically for building a healthier nation.

Miriam (2011) states that a rational approach of decision making assumes that humans make constant choices to maximize economic value within limited resources. Daft, (2003) says if there is certainty about causes, effects and consequences of goals, organizations should favor computational strategy. Marks and Spencer would use this model of strategic decision making to accomplish their goals when clear and agreed on what results they desire and certain on the consequences of their strategic actions.

One of the adapted attributes of Marks and Spencer is the level of assurance it has accustomed on the top street. Assurance is congenital up by accomplishing the right things in the adapted way. Marks and Spencer focuses on ensuring meaningful, accordant and underpins decision-making process. The management believes in working together for conducting robust claiming of affairs and actions, ensuring top superior decision making in all areas of strategy, performance, accountability and responsibility. Chairman of the board is at the heart of ensuring these accomplishments are abiding and acclimatized and can drive an ability of continuous improvement in standards and achievement beyond their business.

In order to devise and implement strategy, board is responsible at Marks and Spencer for following decisions (Governance Framework, 2012):

To develop overall Group strategy and company vision, set standards and create a high-performance culture which maximizes creation of value and minimizes risk

To create, acquire or dispose of organizational entities or assets which are important to the Group.

To evaluate the competitive position of the Group and opportunities arising from the strategies and strengths of competitors.

To develop and protect the brand, its belief and business principles.

In addition to the Board, some other entities are also responsible for making considerable decisions regarding development and implementation of strategic decisions at Marks and Spencer. Executive Board is responsible for following decisions regarding strategy development (Governance Framework, 2012):

- To develop and analyze strategic opportunities and initiatives for the Group; to appraise the Group's competitive position and determine strategies to assure Marks and Spencer, its sub-brands, values and business attempt and to evaluate the impact on key stakeholders
- To administer the day to day business, responding to conditions of the market and trends with appropriate promotional and pricing plans
- To consider and deliver the Group's financial and operational affairs and forecasts; and to deliver these plans and monitor performance against the Group plan, quarterly revisions and financial forecasts

- To act as the authorizing Board for all non-property expenses (e. g. warehousing) accountable to the authority. To propose recommendations to the Group Board regarding all expenses in excess of this authority
- To consistently monitor achievement against pre-determined criteria to ensure that non-property investments deliver appropriate returns
- To monitor the Group's business processes systems and controls
- To identify, evaluate, manage and monitor the Group's risks (including financial, commercial, advice security, business continuity, ethics and compliance, fire, health and safety) to enhance the Group's achievement and its assets
- To analyze leadership development and succession efforts across the Group
- To review human resource strategy, including reward framework, employee benefits and bonuses, conditions of employment and pension schemes and other matters of human resource
- To drive overall performance of the Group through setting and tracking their own appropriate objectives which are cascaded throughout the Group and changing means of working
- To analyze and update on annual basis its terms of reference, advising any changes to the Group Board and to appraise its own membership and achievement on an approved basis.
- Sugden and Wilson (2002) have examined how decisions are fabricated when there is disagreement over goals and how to follow them. The political model of decision making is a model that reflects the idea that an organization consists of groups with different interests, goals and

values. Decisions are apprenticed to be bound by reasoning, influence, politics and judgment. Marks and Spencer's decision to introduce their 'plan A' could potentially create conflict.

The report from FSN on 29th January 2007 " Marks and Spencer's environmental accounting is 'made to measure'" said " Many of Marks and Spencer's environmental accounting is 'made to measure'" described that many environmental initiatives of the company are undertaken by the company to monitor, administer and address its environmental impacts (FSN Report, 2007). But acceptable customer trends can accompany operational and environmental best practice into conflict. Marks and Spencer decision makers have decided to introduce the plan but not everyone in the company may agree on the requirement of the plan. From this perspective, individuals and groups affiliate their interests, propose alternatives, asses their power, accompany with others, negotiate and establish coalitions. Decision makers seek for alternatives that can accommodate the interests of the parties involved (Edgell, 2004). The main criticism for this move is that it could potentially cause divide in the company.

Critically review emerging markets and analyze the limitations and influence that market development, marketing and their relative dominance on the performance of an organization

International retailing has established the defining factors that have contributed to the success of Marks & Spencer. International retailing business of Marks and Spencer includes three major areas, the Far East, North America and Europe. The company has currently more than 350 stores across 42 countries including Turkey, Russia, China and India.

Marks and Spencer's previous performance was characterized by a long success, which led to a cutting belief in the company's management paradigm. Management of Marks and Spencer was fundamentally important and cultivated a culture which was aggressive to change. A study on Marks and Spencer revealed that past success of the company bred arrogance, conceit and a faculty of invincibility.

Top management tended to belittle the results of the external changes in the industry setting and at times disbelief external studies and reports. Centralized management systems accumulated with complex and authoritative reporting structures not only resulted in poor communication but, more importantly, distance between management board and external environment increased to a high level. This led to ignorance of emerging needs of consumers and market trends.

The key to the success of an organization in any market is sustainable advantage. Marks and Spencer had developed culturally anchored core competencies that ranged beyond the value chain (Boddy, 2005) Due to the company's culture as well as increasing rates of pay, the company attracted high quality sales staff which was abysmal abiding into the culture of the organization. All of these competencies were acutely difficult to imitate and were key to the company sustaining its advantage. These efforts contributed their part to the success of company in several markets.

Growth in the global market is considered as an important element of success in the strategy of Marks and Spencer. However, as a risk aversive company, Marks and Spencer did not diversify to a great extent and focused on the core values, principles and competencies in all markets. The company had been remarkably successful providing basic essential products to customers without analyzing what other retailers are offering in the market. Therefore, growth was limited to the quantity of the market share and the number of retail outlets and by increasing the number of shops (Seven, 2008). Through these efforts, the company was able to establish barriers against the competitors through geographical monopoly and by remaining associated with the core competencies. These efforts were very effective to maintain sustainable advantage in the business with effective management.

The Chief Executive of Marks and Spencer has planned to transform the company by 2015 from a U. K. multi-channel firm to an international retailer (Lara, 2011). The company has aim to expand its international sales from circa £500m in 2011 to £1bn by 2014. In order to expand its markets, Marks and Spencer focuses on the emerging markets of the world such as China and India. Another important move of Marks and Spencer is termination of its relationship with Amazon which hosts its online division. The company is looking to establish its own online platform by 2013 t enhance online sales. In 2011, Marks and Spencer has reported an increase of 4. 5% in international sales which signifies its good performance in several international markets (Lara, 2011).

Another strategy of Marks and Spencer for enhancing profits is to turn into a global brand by targeting its expansion strategy in the emerging markets of India and China. The Chief Executive of Marks and Spencer, Bolland, has said that the company opportunity in the form of emerging markets to move from UK retailer to an international retailer by reducing its dependency on the UK markets (Lara, 2011). He also has aim to be leader in the priority markets rather than just showing presence.

Marketing mix is considered vital for the success of marketing strategies. Marketing mix consists of 4Ps that are having crucial place in the marketing strategies of every company. Four Ps of marketing serve as foundation of marketing strategy. Marketing strategy describes about targeted market (Place), with which product market is to be targeted (Product), what will be the share of cost and profit in product (Price) and by what measures image of products and company is created in the minds of customers (Promotions). All this is done by developing a strong marketing mix. This suggests that marketing mix is very important element of marketing strategies. The analysis of marketing mix of Marks and Spencer that contributes in its success in the merging markets is as follows:

Product:

Products of Marks and Spencer are designed according to the demands, needs and preferences of customers. To identify the demands, needs and preferences of customers, Marks and Spencer focuses on the core customers. Company serves its core customers as well as its new customers by providing them distinguishing products. Per Una is a successful brand of the company which has satisfied the needs of customers. This brand has produced remarkable profits for the company. It was launched in 2001 (Iain, 2009). Like this, many other brands of the company are famous among the customers.

Price:

Pricing strategies of Marks and Spencer are developed according to the environment. The company designs separate pricing strategies for local markets and for global markets. For designing pricing strategies, fixed and variable cost of the company is deeply analyzed. Company also considers its objectives, positioning strategy and competition in the market while designing its pricing strategies. The pricing strategies of local and global markets are designed by considering costs of transportation. Income levels of customers are also considered by the company. For global customers, Marks and Spencer uses internet as a mechanism of pricing. Products of the company are designed in several price ranges to facilitate different customers.

Place (Distribution):

Marks and Spencer has implemented information technology in its supply chain operations in order to receive smooth supplies and to carry smooth deliveries. Company has strategies regarding improvements in supply chains in project of 2020. Marks and Spencer implements stock management systems in order to maintain stock levels. In 2010 company has installed point of sales systems. These points of sales systems allow delivering products speedily and easily.

Promotions:

Marks and Spencer conducts its promotional schemes through advertising, TV media campaigns, magazines, newspapers and through internet. Marks and Spencer advertises its products in local and global markets. In 2012, company has planed to deliver quality products to the customers at low prices in combination with effective promotions. This was said by the CEO of company in an interview. He also claimed that company will produce goods that are demanded by the customers and company will read the customers in effective way in order to satisfy them. He further stated that extensive promotions cause an impact on the profit margins of the company which are offset by managing the costs in effective way (Rosie, 2012).

Demonstrate effective thinking and process for integrated approaches to business analysis and critical application of principles of strategic management to chosen pathway

Planning is vital for any organization to achieve success. Planning is the task of designing objectives, specifying how to accomplish them, implementing the plan and again evaluating the results (Boddy 2005). In this part of report, integrated approaches of business analysis and implementation of the selected pathway has been discussed.

Forecasts are a way of calculating the future. They are generally based on analysis of accomplished trends in factors such as ascribe prices, sales patterns or demographic characteristics. All forecasts are based on assumptions. In almost simple environments people can make assumptions that past trends will prevail in the future (Webster 2006). Marks and Spencer generally use forecasting in their day to day planning. For Marks and Spencer forecasting can analyze their management and accordingly advance to goal achievement.

Marks and Spencer could use SWOT analysis for setting its targets and objectives. SWOT analysis is a way of summarizing capital strengths and weaknesses relative to external opportunities and threats. Strengths of Marks and Spencerinclude:

- Strong brand
- Financial resources
- Leadership (Vision)
- Good communications

These strengths are very effective to achieve success in the international market. Marks and Spencer can capitalize on these strengths to avail external opportunities and minimizing its weaknesses. Theweaknesses of Marks and Spencerinclude:

- Only stock own brand
- Few outlets
- Not 100% global

By capitalizing on the strengths, leadership of Markets and Spencer can achieve its objectives of becoming leader in emerging markets. However, this needs a strong commitment of the organizational people. In order to achieve its objectives, following opportunities are available to Marks and Spencer:

Growth of emerging Markets (China and India)

WTO - Chinese entrance

The WTO has facilitated entrance in China. Both these counties are low cost countries and have huge potential for company's sales. Financial resources, visionary leadership and good communication strategy of company can expand its strong brand in these emerging markets. In this way, Marks and Spencer can become leader of these emerging markets. However, all this is not free of threats. There are some external threats which can limit the chances of success of organization. Marks and Spencer has been facing following external threats:

- Political issues
- Competition
- Late entrance into global market

Political issuesand policies in China and India and competitors can limit the chances of its absolute success in these emerging markets. However, visionary leadership of Marks and Spencer is strong enough that it can overcome its weaknesses and achieve success in these markets.

Ingor Ansoff (1965) Matrix can be an effective approach for Marks and Spencer to achieve its objectives. The matrix outlines some growth strategies. From this matrix, following growth strategies can be helpful for Marks and Spencer:

- Market Development (grow into China and India)
- Product Development (cultural aesthetics)

Market development strategy may enable the company to enhance its global presence. India and China are very attractive markets for the company which have huge potential for the sales of the company. Due to low cost structures of these markets, Marks and Spencer can achieve positive financial results. These countries are culturally rich and success is not very easy in them. In order to achieve long lasting success in these markets, Marks and Spencer needs to pursue product development strategy. It needs to develop its products according to the cultural aesthetics of the countries. For a global company, recognition of local customs and trends is very important. Without recognizing local customs and traditions, Marks and Spencer cannot achieve long term competitive advantage in these markets. Therefore, the company needs to incorporate local traditions of China and India in its global strategy in respective countries.

Strategy is related with the 'scope' of an organization's activities, whether it concentrates on one breadth of action or whether it is concerned with many. This question of the 'scope' of activities is a sign of the organization's boundaries, the number and range of its offers of articles and services. Marks and Spencer may be thought of as mainly a clothing retailer, but it also sells a wide range of other products including food and other commodities such as furniture, and has advanced into accouterment financial services (Ogden, 2006).

Strategic 'fit' is the effort by managers to advance action by identifying opportunities in the external environment of the business and organizing its assets to yield advantage of these, that is trying to match the assets and capabilities of the organization to the opportunities accessible to it. Marks and Spencer has financia