

# [Morgan stanley threat](https://assignbuster.com/morgan-stanley-threat/)

* Evaluate Morgan Stanley’s business using the Competitive Forces Model.

Porter’s five forces model is a technical analysis to determine the profitability of industry, further explain as follows:

Threat of New Entrants: It is significant barriers to stop new entry to penetrate this professional industry as new entry have to ensure their competence to handle the complex and critical area, such as, special requirements and license application. Therefore, the threat of new entrants is relatively low.

Threat of Substitute: The financial services industry is concentrated and balanced as the largest 50 firms hold 90% of the market (Hoovers, 2008). It is clear that no other financial mechanism like Morgan Stanley to compete in the global financial business, securities firms and banks and also offer a wider range of services. Therefore, the threat of substitute is reasonably low.

Bargaining Power of Customers: Customers are considered relatively high as alternative channels for selecting different services, qualities and prices or specific products anywhere and anytime in the global market through high technology, such as, TV, phones, promotion catalogues and Internet.

Bargaining Power of Suppliers: There are many uncertain conditions and barriers under the circumstances of International Securities and Financial Loan market. Therefore, the power of suppliers is certainly high.

Degree of Rivalry: There are around 2000 companies in the industry, major competitors are: Goldman Sachs and Merrill Lynch & Co., Inc. (Hoovers, 2008) they can provide similar value of business transactions and resources. Therefore, it is high risk for buyers to switch from one competitor’s product to another.

* If you were James Gorman, the new head of Global Wealth Management, what information systems would you invest in? Why? Do you think Morgan Stanley’s plans for an integrated client information system are worthwhile?

Customer Relationship Management (CRM) is worth to introduce to James Gorman for the long term investment. CRM enhances better services across former lines and bringing it back office to facilitate the operations much closer together. And also provides a 360-view of the customer relationship and services in every touch-point, such as, remove the geographical boundaries and provide 24-hours and 7-days services to the customers. Furthermore, it generates the functions of sales and marketing automation in order to maximizing the total sales potential and provides the comprehensive solution across all aspects of customer enquires.

The advantages of CRM, it can effective use of information technologies enables the work done in efficient and cost-effective and achieve customers’ satisfaction providing a channel for better communication with both customers and brokers. To ensure the data have to be available, accurate and consistent in a central sources and also allows real-time information and quotes to the customers.

Before March 2005, Morgan Stanley’s computer system was not well-integrated and antiquated. Brokers were not able to retrieve the client’s updated portfolio and caused many top brokers left and also took away important clients. Thus, the sales and profits dropped down and received many complaints from clients’ website.

In long term, Morgan Stanley should be established a well-integrated system and all systems are interrelated and interdependent. It is beneficial to each of the three management levels. For instances, an integrated client information system can allow operations more flexible and cost-effective. It provides powerful new capabilities and increases the interactive between the employees and customers through information sharing and transforming. To control properly, current information on performance can measure against the future events and possible scenarios. The external information allows strategic managers to measure the uncertain future and seek to adapt to fast-moving changes.

* Aside from new systems, what changes in management and organization are required to restore revenue and profit growth at the Global Wealth Management Group?

As part of the reorganization of business after the merger with retail brokerage Dean Witter, Morgan Stanley has to overcome the barriers which described in value chain model in order to minimize the difficulties in the business process through team effort to direct toward producing revenue and profit growth in global financial industry.

Management:

An efficient information system allows the brokers of Morgan Stanley easier generated the updated customer’s portfolio which enables individual brokers preparing, fulfilling and deeply understanding the needs of customers. It will help Morgan Stanley to focus on the potential business opportunity and direction in order to increasing the power of competitive advantage and profitability in the future and allows Morgan Stanley reviewing their performance to determine their further planning.

Organisational:

Morgan Stanley should change their old ways of doing things, such as, increase communication and well-integrated system. This removes the feeling of disrespected outsiders of former Dean Witter employees and let them feel comfortable and easier to assimilate new technologies. In order to achieving the effect on permanent change in work behavior requires more than training in the use of a system.

Reference:

Hoovers, 2008

http://www. hoovers. com/morgan-stanley/–ID\_\_15970–/free-co-factsheet. xhtml

The National B2B Centre, 2008

http://www. businesslink. gov. uk/bdotg/action/layer? topicId= 1075422922