

# The influence of internal and external environment business essay

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## **Introduction**

This research is conducted on Dick Smith Pakuranga branch an organization in which the research team members found out insufficient use of planning and controlling systems, classical views of ethics and social responsibilities . since this is the reason the company is struggling to reach its expected objectives.

## **Core Business**

Dick Smith electronics retailer was founded in 1968 by Richard Dick Smith as of 2012 formerly owned by Woolworths Limited , on 27th September 2012, Woolworths than sold Dick Smith Electronics to a private firm Anchorage Capital Partners. In early 2008 Dick Smith Electronics renovated its store as a new concept under the branding name Dick Smith Technology . The Company was also known for its home brand all range of electronics which fall under one brand name Dick Smith. Dick Smith has 61 stores in New Zealand and about 765 staffs . The company made a huge loss of \$8. 9 million on 24th June 2012 . The company suffered a sequence of profit declines in the electronics region struggling under brutal competition, including from online retailing, and huge price discounts for products, mostly in flat-screen TVs. Their product ranges are TV& Video, Audi&MP3, computers, Printers& offices, Mobile &wireless, Car &GPS and Gaming, Home &Security and also Kids technology. At Dick Smith we aim to only deal products for online sale where the product is readily available for shipment. Even though Dick Smith says they are customer focused the pakauranga branch Dick Smith is not performing as per the customers expectation.

Customers are not receiving good customer service such as when customers enter the shop they should feel welcome, staff should at least smile at them or greet them. Staffs doesn't even approach them, they act as if they are very busy. If you need help you can't find staff in respectable departments. Staffs have inadequate product knowledge.

## **PLANNING**

Planning is the first step in the management process whereby organisational goals are defined and the ways to achieve those goals are clearly outlined. The Business manager Matthew Early is responsible for operations section for marketing and long term plan and also to work towards achieving the company's visions and values to upgrade the position of Dick Smith in pakuranga branch.

## **OBJECTIVES**

Provide best customer service to their customers. Improve the level of performance of staffs Being number one in providing best home brand technology and electronics The company's main focus is to provide the latest technology and electronics to customers. They have to provide best customer service to get customers into the store. Dick Smith has been having some bad experience with customers and to improve it they have planned to overcome the problems they were facing with the customers. To see that the plan they set up to improve customer service works. They have to take control of their plans.

## **The strategic planning**

The next step in the planning process is taking the wider vision outlined in the mission statement, and developing a strategic plan. It is concerned with charting the future and focusing on the direction of business activities for a defined period such as 5-10 years. It focuses on factors such as directions , targets , financial forecasting, direction of competition and competitors and customer needs forecasts. Strategic planning is generally completed by people in the higher levels of the organisation (conceptual thinkers), although other staff may be consulted during the process . The chief executive Grant O'Brien is responsible for the strategic plan. His plans are to close 100 stores of Dick Smith. This was because of poor sales and non-profit of the company.

## **Tactical planning**

Departmental manager's work to meet objectives broadly outlined in the strategic plan. There is three main departments in this company. They liaise with upper and lower management to develop their plans. There is tough competition among departmental managers as all are aspiring to gain general managers position. This tough competition has resulted in jealousy and rivalry. As a result there is a poor sales and customer are not turning up. This can problem can be resolved if they use planning and controlling methods, to get more customers to the stores and make profits.

## **Operational planning**

Operational planning provides the business with detail, usually on those aspects relating to the day-to-day functioning of an organisation. Because of

this, operational plans can be divided into a number of areas, for example production, finance, marketing or human resources. The operational plans are set by the administration manager, who has to accommodate an increase in the number of customers and increase profits for year 2013. The managers use concurrent control to check the performance of workers on the days customer number dropped.

## **Control**

Control in management means setting standards, measuring actual performance and taking corrective action . Dick Smith uses concurrent control. The store managers are responsible of their own staff for undergoing training and following Dick Smith procedures & policies. They have to plan to divide staff into groups and go through the objective and vision of the company again with each group so that they still have staff on shop floor to attend customers. They will train staffs on health and safety of customers and of employees as well. They planned to make store more spaced-out for people to work around freely and do shopping. Plan to employ more staffs and allocate staff with each department so that it's their job to see that the products are properly displayed and they are available to help customers. They will also appoint head of departments so that they will be responsible of their employee's whereabouts and see that customers don't have to wait long to be served. If they can't help the customers they should get other staffs to help them. Feedback control provides the managers with meaningful information on how effective its planning effort was. Dick Smith uses feedback control to see if their planning of control is working or not, so they employ mystery shoppers. They would visit the shop and write a report

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on staff appearance and the staffs has followed the "The Great" training procedure or not and also they will write a report on shop's appearance as well like the health & safety issue and displays are need and tidy. If the staff gets 100% they will rewarded with \$50 to \$100 of gift vouchers or technologies. Staffs have to work towards reaching their sale target.

## **The influence of internal and external environment**

An organisation's internal environment is composed of the elements within the organisation, including current employees, management, and especially corporate culture, which defines employee behaviour. Employees of Dick Smith need training on customer service skills and staffs don't have adequate product information. Staffs are not available to serve the customers sometimes they have to wait for too long to get served. External environment are all outside factors that may affect an organization. The external environment is divided in two parts; directly interactive forces include owners, customers, suppliers, competitors and employee unions and indirectly interactive forces include sociocultural, political and legal, technological, economic, and global influences. Competition affects Dick Smith because a competitor such as Bond+Bond, JB Hi Fi sells similar products with similar prices.

## **Recommendation**

The operational planning is done by the Matthew Early's he is the general operations manager. He is responsible to see the overall running of the business and deals with problems which need to be solved. They see to the running of the business but neglect the welfare of employees. The upper and

lower level of management can have a better result at planning if they put closer consideration on customers by providing product training, in-house customer service training, provide faster services by employing more experienced staffs and enhance OHS knowledge of staff.

## **Ethics and social responsibility**

Ethics has come to mean a variety of things to various people, but generally it's coming to know what is right or wrong in the workplace and doing what's right -- this is in regard to effects of products/services and in relationships with stakeholders. Wallace and Pekel explain that attention to business ethics is critical during times of fundamental change -- times much like those faced now by businesses, either non-profit or for-profit. In times of fundamental change, values that were previously taken for granted are now strongly questioned. Dick Smith lacks in ethics and social responsibility

## **Conclusion**

Every organisation needs a planning and controlling system in order to operate successfully. There are three levels of planning system which is controlled by different levels of managers in an organisation these managers help an organisation to operate effectively. An organisation has to also follow ethics and their social responsibilities in order to be in good terms with the customers. In this research it discusses on the internal and external problems which affect the performance of an organisation, and how the three levels of management performs its planning and controlling systems. Once the employee starts working towards plan & control of the organisation, the organisation will increase its productivity.