

Stage coach profile summary business essay

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Introduction:

The main purpose of this report will be to critically analyse the application of the strategic management process of the Stagecoach Group. The main body of the report will outline and provide research on three of the most integral areas of strategic management. In the first instance, this report will provide a brief introduction and profile of the company selected. Furthermore to this, the next section will report on the strategic analysis processes implemented by the Stagecoach Group, by outlining the stages, steps and procedures which are implemented by this company and commenting on how effect each of them are, in terms of achieving their goals. The following section will then investigate the strategy formulation employed by the Stage coach Group, by outlining the stages, methods and procedures involved in mechanics of the business and corporate strategy, and commenting on their importance to the overall strategic management process. Once these key areas have been established, the third section of the report will focus on the strategy implementation of the Stagecoach Group , by providing research on the stages, steps and processes involved in the implementation of business strategy and comment on how its importance to the overall strategic management plan. For the section of this assignment, this report will conclude by providing an executive summary, which will provide a succinct synopsis of the paper as a whole.

Summary Company profile of Stage Coach Group

The Stagecoach Group was originally established in Perth, Scotland in 1980 with only two buses. The main purpose of the business was to focus on enterprise and developing new markets. Since the company was first

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established in 1980, the Stagecoach Group has now developed into a leading quality public transport provider in the UK and North America. In addition to this, the company also provides services to more than 3 million customers every day. Operating within the transport industry, the main objective of the Stagecoach Group is to offer its customers a smarter and better value bus and rail service, which is still continuing to grow. The mission statement of the Stagecoach Group is to encourage new ideas and to put the customer first at the same time as promoting, ' fairness, respect and strong commitment to equal opportunities' (Stagecoach. com). This information not only illustrates the company's commitment to providing the customer with excellent transport solutions, but it also demonstrates the principles that the organisation looks to bestow on to its workforce. Company profile of Stage Coach Group (Appendix 1)

Strategic Analysis

Strategic Management is all about finding the most appropriate strategies that managers of a company can carry out to allow the company to match what the company is capable of doing with its external relationships with employees, customers, shareholders and suppliers, in order to achieve the best performance and a competitive advantage for the company. To be able to define the most appropriate strategy, a company must go through the following four steps: Strategic analysis, Strategy formulation and Strategy implementation. The chief aim of strategic analysis is to analyze the internal and external factors influencing the company, produce an overview of the company's current status and the general environment, outline its main competitor and provide solution for future improvements in order to obtain

sustainable competitive advantage. By identifying the company's internal and external environment, the managers will be able to identify and fully utilize the best possible internal strengths of the company, to minimize the company's weaknesses, to grasp and make use of opportunities that arise and to prepare for possible threats. In the majority of cases this process of analysis is referred to as 'SWOT analysis'. Therefore, in order to provide a detailed strategic analysis of the Stage Coach Group, the following section will outline a number of facts about the company before going to provide a more in-depth SWAT analysis. The main competitors for this company include Kwoon Chung Bus Holdings Limited, Go-Ahead Group Plc, National Express Group plc, Arriva plc and FirstGroup plc. (Logistics business review. com). The company itself employs around 29, 926 members of staff and generates a yearly revenue of 3676. 62 (US millions) per year (docstoc. com). According ICD Research, the main strengths of the company are its dominant position in the market and its geographical diversification. Stagecoach has been pursuing the strategy over several years by targeting organic growth, selective acquisitions and targeted rail opportunities. However, the same report also highlights the weakness of the company, which included an increase in debt obligations and a negative public image'(docstoc. com). Therefore it is possible to conclude that despite the company's dominant position within the market, there is a definite need of work to promote positive public image. One of the methods which could help to promote the company's public image would be to carry out a customer survey, in which customers are asked to rate their journey on a scale of one-to-ten for a number of different scenarios. For example, questions could ask the customers to rate the enjoyment of their journey, the manner which their

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driver addressed them and the overall presentation of the vehicle. This feedback would provide valuable knowledge on where the company is going wrong and how the company could move forward in the future. In addition to this, the company could also encourage employees to fill out similar questionnaires, asking them for feedback on the company, in terms of what they like and dislike about the company. The next stage of the analysis is to illustrate the main opportunities of the Stagecoach group. Currently Stagecoach faces the following major opportunities, the 'Accusation of the East London Bus Group Limited', the alliance with Network Rail at South West Trains and Expansion in North America and Europe Operations' (Docstoc. com) In order to make profit in the London contracted market, Stagecoach has drafted a three-year programme to make significant cost savings and changes in working practices, productivity and the culture of the company. Stagecoach has been working closely with Network Rail to devolve a new alliance with a single senior joint management team which is responsibility for both trains and track. This approach will provide the company with an important competitive advantage which enable Stagecoach group to offer more benefit to both passengers and taxpayers and help the company make further development in the aspect of railway, such as reducing delays for passengers, providing better customer service and improving the efficiency of the railway. In North America, Stagecoach also created its budget coach brand, megabus. com which has become the major reason of its fast growth in the US and Canada. Megabus. com now covers around 90 locations in North America. Between 2011-2013, Stagecoach has invested nearly 100 new double-decker coaches for megabus. com in North America. Stagecoach has also plans to launch new megabus. com routes

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from the UK to continental Europe with intention to link London with more European locations such as Paris, Brussels and Amsterdam to expand its existing UK network. In this instance, if the Stagecoach Group can make sustainable success on these opportunities presented, it would take a transportation competitor out of the market and expand the brand on a global scale. In addition to the opportunities available to the Stage Coach group, this report by ICD also indicates that main threats for the company faces resonate from ' Terror Strikes'. To illustrate this point further, a report recently published by the Stagecoach Group indicates that there have been many acts of terrorism on transport systems. Although a number of these attacks may not directly affect a Stagecoach bus or train, the fear is, there occurrence could discourage travel from some sections of the public, which would affect the transport industry as a whole. (Stagecoach. com/financial report, 2012, p. 8). Conversely to this, another weakness the Stagecoach Group would face is the occurrence of a Catastrophic events. For instance, no matter directly or indirectly, in the case that a Stagecoach bus, coach or train is involved in a major operational incident, which may lead to significant human injuries or damage to properties, it could not only have a major impact on claims against the group, but it could also have a damaging effect on the reputation of the Group and its opportunities of winning and keeping contracts or franchises in the future. (Stagecoach. com/financial report, 2012. P. 8). Moreover, the Stagecoach group could also be threatened by external issues such as global warning and the ' Volatility of Crude Oil Cost' (docstoc. com) The cost of crude oil and the carbon footprint are two of the significant problems commonly experienced by the transport industry as a whole, as the vast majority of transportation vehicles rely

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heavily on oil and petrol to operate. The operations during 30 April 2012 consumed approximately 363.7m litres of diesel fuel for that annum. This, in result, shows that the group's profit is exposed to the underlying price of fuel (Stagecoach. com financial report, 2012, p 20). These figures illustrate how dependent the company is on fuel and why the change in fuel prices is such a treat to the company. This significant demand for petrol and oil by the transportation industry has significantly affected the amount of natural resources available, which has not only increased the price of crude oil. In addition to this, the omissions giving off by the excessive use of oil and petrol also have a detriment effect on the ozone layer, which would also have a negative effect on the company's image. These weaknesses are four of the most common threats that the transport industry faces, so implementation solutions would not only increase consumer confidence with public transport, but they would also insure that the reputation of the company would remain in strong. Now that this report has provided a SWOT analysis for the Stagecoach Group, the next section of this report will on the strategy formation, which will demonstrate how the company will set out to achieve organisational goals and overcome the potential weakness and threats and weakness mentioned above.

Strategy Formulation

In the majority of case, strategy formulation refers to the process of choosing the most appropriate course of action for a business to set out its organisational goals and objective and present realistic methods which detail how these goals may be achieved. The content of the strategic formula will depend on the nature of the business; however, the overall formation of the

analysis follows tends to involve ' six main steps'. These steps include, ' Setting Organizations' objectives, Evaluating the Organizational Environment, Setting Quantitative Targets, Aiming in context with the divisional plans, Performance Analysis and Choice of Strategy'(MSG. com). However, in the case of the Stagecoach Group, there is a number of organisational objects which need to be adhered to, chief among them how to change the negative public image of the brand, how the addresses the major external threats posed to the travel industry and how to improve the carbon footprint of the company. For the first stage, the Stagecoach could enhance their public image by improving the carbon footprint, whilst simultaneously moving the company forward. Presently, the Stagecoach group is in the process of ' delivering a greener, smarter bus and rail services'. (Stagecoach. com/sustainability strategy). The Stagecoach Group are currently formulating a business strategy that will tackle this, at the same time as addressing a number of financial and global issues. This project has been named as' the Stage Coach Group Climate Change Strategy'. The key steps this strategy involve are meeting and exceeding the regulatory obligations, investing in more fuel-efficient vehicles, using alternative and renewable fuels, providing training to its staff about more efficient driving techniques, saving energy at its offices and depots, conserving and recycling water, reducing and recycling waste, reducing business travel, affordable bus and rail travel, developing green travel plans and incentives, for its staff, customers and other organisations."

(Stagecoach. com/ sustainability strategy, p. 13). The Stagecoach group is optimistic that following reductions can be achieved by 30th April 2014,

Stagecoach Group

> reduce the Group's annual fleet transport CO₂e emissions by 3. 0%> cut our buildings CO₂e emissions by 8. 0%

UK Bus

> reduce annual fleet transport CO₂e emissions by 3. 0%> reduce buildings CO₂e emissions by 6. 2%

UK Rail

> reduce annual fleet transport CO₂e emissions by 3. 3%> reduce buildings CO₂e emissions by 7. 5%

United States

> reduce annual fleet transport CO₂e emissions by 2. 0%> reduce buildings CO₂e emissions by 12. 4%

Canada

> reduce annual fleet transport CO₂e emissions by 6. 0%> reduce buildings CO₂e emissions by 22. 4%

Group HQ

> reduce buildings CO₂e emissions by 22. 0%"(Stagecoach. com/ sustainability strategy, p. 23)This strategy outlines that the Stagecoach group realises the company needs to improve their carbon footprint, and already has detailed procedures in place to adhere to them. The Stagecoach group's dedication to reducing their carbon foot print has recently resulted in the company being awarded the ' Carbon Trust Standard' award, for reducing CO₂, year on year. (Stagecoach. com/ sustainability strategy, p 21).

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This award illustrates the company's commitment to global issues, but it also presents the company with an opportunity to present itself as an environmentally friendly alternative for transportations. In addition to this, the Stagecoach Group could also enhance their public image by promoting the fact the company is in the process of designing 'modern vehicles with improved environment performance'. Once more, this highlights the company's commitment to environment issues and desire to design pioneering transportation devices. Conversely to this, the Stagecoach Group are also investing heavily in the use of 'Alternative, recycled bio fuels' for their vehicles. This venture not only underlines another environmentally friendly approach, but it could also provide the company with a more cost effective way of producing fuel, one which will make the business more self-sufficient. What is more, the Stagecoach Group is also looking to enhance the carbon footprint of its administered sites, by ensuring all offices are equipped with high-tech energy management systems' to reduce CO2 emissions. Thus highlighting the Stagecoach is committed to moving forward in the most organic manner possible (Stagecoach. com/ sustainability strategy, p. 17). The second stage for The Stagecoach Group to consider also number of external threats to address, for instance a catastrophic event, as previously mentioned in the strategy analysis of this report. In this instance, the Stagecoach Group have taken the step to place a management risk strategy formulation which, according to the Stagecoach's financial report, is to design appropriate responding procedures in place to respond to any major incident in case it does happen. The Group also rehearses the responding procedures regularly. Although the procedure is not explicit in this report the fact the Stagecoach group have a procedure in place is reassuring. In <https://assignbuster.com/stage-coach-profile-summary-business-essay/>

addition to this risk, the travel industry is also exposed to the threat of terrorism. In this instance, the same report states that the Stagecoach Group has designated plans in place to reduce the financial impact caused by a terrorist incident. These plans are designed based on the Group's experience of managing the North American business in the period following the major terrorist attack on 11 September 2001. Once more, the nature of procedures in place is not explicit; however, the Group does have strategic steps in place to deal with these issues. In addition to these external factors, there is also the financial stage, which covers the issue of dealing with the competition and economic difficulties, which this specific sector of the transport industry incurs. The Stagecoach group faces competition for customers from other bus, coach and train operators. However, the Stagecoach Group views its main competitor 'as the private car', which means one of the Stagecoach Group's key objectives is to encourage the consumer to consider a 'modal shift from car to public transport. (Stagecoach. com/financial report, 2012)

This step would be a difficult strategy to fulfil, as the vast majority of consumers may use private car hires for a number of key reasons, for instance, a private car hire will guarantee the consumer they will arrive at their exact location, offers the consumer a convenient time 'pick-up time' and in most cases, a private car hire will also run on a 24-hour operating service, even on bank-holidays. However, one procedure the company could adhere to is to stress how expensive and environmentally unfriendly car journeys are. Furthermore to this, there is also recent governmental restrictions which have seen the UK Bus Industry come under pressure, for instance, 'reductions in Bus developments Services Operators Grant (a rebate of fuel tax) and constraints on the payments made by Government to

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bus operators for carrying the elderly and disabled free of charge to the passenger. Funding of tendered services by local government has also reduced.’ (Stagecoach. com/financial report, 2012). Although these processes will generate economic difficulties for this area of the transport industry, it does mean the Stagecoach group will become less reliant on the Governments findings and more dependent on the revenue generated from the passengers directly. Therefore, one process would be to keep place a price freeze on products such as the, ‘ the mega-rider’, in order to encourage more customers to use the bus on a regular basis. Now this study has analysed a number of key stages, steps and procedures involved in the formulation of the Stagecoaches business and corporate strategic management process, the next section of this assignment will analyse this business will look to implement these strategies.

Strategy Implementation

This is the process where a business looks at how to carry out the strategy throughout the organization. According to Scot Edinger, one of the biggest mistakes a business can make is to make the best effort to formulate the perfect strategy but does not spend time on figuring out how to implement it. There are a number of elements a business need to consider when it comes to strategy implementation. The stages include a ‘ the Three C’s of strategy’ process, which include: ‘ Clarifying your Strategy, communicating your strategy and cascading your strategy (S. Edinger, 2012). Clarifying a business strategy is a crucial step towards its implementation, for instance the manner in which a company broadcasts its key strategy should be articulated in a manner the vast majority of employees understand. Because

if employees do not connect with the strategy, they are not able to support its implementation. After the content of the company's strategy has been decided, the next stage to consider is how to project it to its employees and consumers. It is essential for the company to communicate the strategy at every level of the company to enable everyone who is involved understands what the strategy is and how everybody's work is informed by that strategy. In the case of the Stagecoach Group, apart from discussing the strategy through internal blogs, message boards and meetings, their main strategies and financial reports are also available to read on their website, in the form of downloadable PDF's. This method not only provides the employees with the opportunity to read through a detailed evaluation, but it also presents the consumer with the same chance while other companies within the transport industries may only use in-house blogs, press releases or newsletter to reveal such information. The final stage of implementing a business strategy is cascading a strategy which is of equal importance. In this instance, once a strategy has been formulated and articulated, the final stage of its implementation is how to make it happen, by highlighting what actions will be taken to achieve the goals set out in the original strategic analysis. In the case of Stagecoach Group, clarification of their key strategy is to try and grow their business in a sustainable way. The manner in which Stagecoach Group communicate this strategy is articulate it in the form of a mission which reads, ' Our vision is to deliver greener, smarter travel to our customers, create sustained shareholder value and share our success with our people and our communities.' This statement outlines the areas the business wants to improve, whilst concurrently explaining why these changes need to be instigated. In order to implement this strategy, the <https://assignbuster.com/stage-coach-profile-summary-business-essay/>

Stagecoach Group have a section in their annual report which clarifies what the long-term business strategy is, and how they implement these strategies, the section is titled , " What we look to achieve (business objectives and long-term strategy)." (Stagecoach. com/financial report, 2012, p4). In terms of the steps which the Stagecoach Group will follow in order to implement its long-term strategy, the same report also provides detailed information on how the Stagecoach Group will aim to communicate their business strategy to their employees and customer. The report states that the essential parts of Stagecoach Group's business strategy for delivering long-term shareholder value are:

- To deliver organic growth across all of the Group's operations;
- To acquire businesses that are complementary to the Group's existing operations, in areas where the Group's management has proven expertise and which offer prospective returns on capital in excess of the Group's weighted average cost of capital;
- In addition to organic and acquisition growth, to maintain and grow the Group's Rail business by bidding for selected rail franchises and to seek to secure new franchises where the risk/return trade-off is acceptable."

(Stagecoach. com/financial report, 2012, p4)In terms of the procedures the Stagecoach use in order to implement its strategies, the business sets specific targets and management plans for each of businesses within the UK and North America. The main areas with these strategies target are separated into four main categories which include: North America and UK Rail, UK Bus (Regional operations) and UK Bus (London). This allows the business concentrate on improving all areas of the company to ensure the Stagecoach Group are in a position to continually striving to improve their policies, practices and service delivery to make an increasingly positive impact on society and the environment.

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(Stagecoach. com/ sustainability strategy). In order to achieve these targets, the company produced a detailed document which outlines which region of the business the strategy is focussing on, such as the description of issues, the regularity of the environment the company is operating in, the strategy in place, possible marketing opportunities, macroeconomic factors, potential competition and future marketing developments (Stagecoach. com/financial report, 2012, p, 6). Therefore, in terms of business strategy implementation, it appears that the Stagecoach Group have a set formula of clarifying the area of the business which needs enhancing, communicating the issue in the form of an annual review and cascading the process by adhering to a number of attainable targets. Now that this section of the report has illustrated the stages, steps and procedures involved in the implementations of the Stagecoach Groups business strategy, the subsequent sections will conclude the report and provide a concise summary of the analysis in executive report.

Conclusion:

To conclude, the main aim of this report was to critically analyse the application of the strategic management process of the Stagecoach Group, in order to evaluate how effective this companies approach to strategic management is. The research this assignment has brought to light is that there are a number of external and internal issues that need to manage effectively both by the Stagecoach Group and by the Transportation industry as a whole. Those issues include, but making public transport more environmentally friendly, improving the overall image of the industry and most importantly, trying to persuade the potential customer to change their

transportation methods from car hire to public transport. Despite the fact the Stagecoach are in the processes of making a significant step towards improving the overall image of the company, in terms of re-branding as a 'smarter, greener way to travel'. The company itself, as mentioned in the strategy formation section of this report, due to governmental cut backs, the company is now more reliant on the revenue generated by the public expenditure. Although in the long term, this may present the company with an opportunity to become more independent of government finance, it could put the company in a venerable market place. However, due to the significant number of people which use the transportation services provided by the Stagecoach Group, this will remain resolved for near future. For that reason, this report concludes that the main strategy management process utilised by the Stagecoach Group is an effective and comprehensive document. Appendix 1, Company Profile: <http://www.stagecoach.com>, date viewed, 01/05/2013

Stage Coach Profile Summary

Stagecoach Group is one of the leading international public transport companies, with a wide and large scale operations in not only the UK, but also United States and Canada. The Group operates services including bus, coach, rail and tram in regulated and deregulated markets. The group has joint ventured with Virgin Rail Group, New York sightseeing company, Twin America and Scotland's biggest coach operator Scottish Citylink. Currently Stage Coach employs over 35, 000 employees, listed on the London Stock exchange, has over 3m customers a day and also has over 10, 600 buses and coaches and 2, 200 train services a day. The key elements of

Stagecoach Group business strategy is to deliver long-term shareholder values. Business model (source: <http://www.stagecoach.com/~media/Images/S/Stagecoach-Group/Images/content/business-model.jpg>) The business model for the Group's UK Bus (regional operations) and North America Divisions is designed to be as flexible as possible in order to respond to developments and changes in the markets. The key elements of the business model are: A decentralised management structure which enables the local management team to identify and respond quickly to developments and changes in local market; An focal point on lightly regulated bus operations which enables management team to vary prices and timetables according to developments and changes in each local market without significant resistance from regulation; A flexible cost base whereby operating mileage and operating costs can be adjusted in line with changes in demand. On the other hand, UK Bus (London) and UK Rail Divisions have different business models. The businesses are more regulated and their cost bases are not as flexible, therefore there is greater management emphasis on agreeing the right contractual arrangements with adequate risk-sharing arrangements and ensuring these are appropriately managed for the duration of each contract.