

Poultry farm: internal and external analysis



**ASSIGN
BUSTER**

Contents (Jump to)

Introduction

History of Poultry Farm

Vision and Mission of Poultry Farm

Porters Five Forces Analysis of Poultry Farm

PESTLE Analysis of Poultry Farm

SWOT Analysis of Poultry Farm

Strategic Objectives of Poultry Farm

Implementations and Control

Conclusion and Recommendations

References

Executive Summary:

Al-Ain Poultry Farm was formed in 1981 and at present it is United Arab Emirates number 1 chicken supplying company. The headquarters of the company is situated in Al-Ain while shops that sell their product are spread all over the country. Other main offices are in Abu-Dhabi and in Dubai. the company deals in chicken and egg products and the consumption of chicken products and other poultry products are very high in urban areas.

In external environment, the service of the supplier is quite satisfactory.

There are various competitors presents for the Al Ain poultry farm. The names of competitor are like al Rawdah, al Khazana, and Tasil etc. There is

<https://assignbuster.com/poultry-farm-internal-and-external-analysis/>

also big threat of new entrant in the industry. Sometimes the customers try to do bargaining but the Al Ain poultry farm mostly prefer fixed pricing method so there is no chances for doing bargaining. There is huge impact of the political, legal, and economic, social, ethical and technological issued on the company.

Internally, there is a facility for communication with the customer like getting information about the quality of the product; packing information etc. The leadership is managed by the general management in the Al Ain poultry farm company.

The image and reputation of the Al Ain poultry farm among the customers is good. So the customers are widely attached with this farm company. If there are any new entrances then it is not severely affected. There is lesser impact of the import product on this company.

The company faces a throat cut competition. There are two kinds of risk which is faced by the poultry farm: Production risk and price risk.

The strategic objective of the company comprises of deciding the scope of the farm, and gives the knowledge to the members of the farm

Talking about the grand strategy, the Company wants to make stability in its growth and profits and thus the company adopts stability strategy. Also For making growth, the company has diversified itself.

Introduction:

Strategic management is nothing but drafting, implementing and cross checking of various decisions which shall help the company in achieving its

long term goals. It specifies the aims and objectives of the organization. It helps in formulating various policies for achieving the companys objectives.

Strategic Management is an ongoing process. It is used to evaluate the business as a whole and to assess its various individual processes. Strategic management includes assessing processes on a regular basis.

Al-Ain Poultry Farm- History Development & Growth:

Al-Ain Poultry Farm was formed in 1981 and at present it is United Arab Emirates number 1 chicken supplying company. It is famous for providing the highest quality meat and eggs in the United Arab Emirates as of now. It strives to provide the best and the most healthy chicken at the best possible price to the people of United Arab Emirates. The company has always been committed to this cause and they will always continue to be committed to it. Al-Ain Poultry Farms many types of chicken and they are also providing various varieties of eggs. The headquarters of the company is situated in Al-Ain while shops that sell their product are spread all over the country. Other main offices are in Abu-Dhabi and in Dubai. All key issues are decided upon by the chairman and by the board. Operational issues, managerial works and financial issues are take care by the general manager. A lot of technical machines are being used in the poultry farms for the best results. All such machines come under the head technical manager. Moreover there are many individual departments which take care of topics like sales and maintenance etc. There is a separate consumer care department which is also basically responsible for the sales and sales related issues. Financial departments are divided region wise throughout the country. The general

manager is basically responsible for day to day working of the company.

(farm A. A., 2010)

In the last two decades there has been tremendous growth and development in the United Arab Emirates. Due to this there has been tremendous growth in the poultry sector of United Arab Emirates. The eating habit has changed a lot in United Arab Emirates. More than 3/4th population of United Arab Emirates is currently residing in urban areas. The consumption of chicken products and other poultry products is very high in such urban areas. There was a time when most eggs and chicken products were imported in the United Arab Emirates. It was somewhere in the mid 90s that local producers of United Arab Emirates were finally able to meet the chicken and poultry requirements of the country. At present there is hardly any import of eggs or any other poultry products. Al Ain poultry aims to be the leading poultry product suppliers in the United Arab Emirates; they aim at increasing their shareholders worth and serving the society by providing high quality chicken and related products. People at Al Ain have made public health their first priority. At Al-Ain it is believed that success can be achieved through innovation and by maintaining quality of products. Al Ain has a highly trained inspection force which ensures the quality of the product is maintained while production. (2010)

Vision and Mission

The Al Ain poultry Farm Company the number one company in UAE. It is located in Dubai, Al Ain and Abu Dhabi. Before the establishment of any poultry farms in UAE all frozen chickens and eggs were imported. Then

number of poultry farm came into the market. This makes UAE self dependence country and it is estimated that the value of eggs and the fresh chickens consumed in the year 2003 were stood at 400 million circa Dhs. During 1996 the Al Ain took an importance place among the poultry farm market in above mentioned location. It has various competitors like al Rawdah, al Khazana, and Tasil etc. (farm A. A., 2010)

Their main mission is supply of the best quality and service with the growth of the shareholder value. But with this they serve the best quality of chickens to the customer because they do not want to play with the health of the customer. Their mission is also to bring satisfaction among the workers. For this purpose, the leadership in the company is held by the Mr. Abdullah Khamis Amer (general manager) he has the quality of dealing with looses and success and also the ability to motivate the employees. To provide best quality of food, the appointed a technical manager named as Dr. Khalid Moh'd Abd El Monem. He is responsible for the developing and maintenance of the technology for example the freezer facility for the storage etc. Companys mission is also to earn more profit on lesser cost, to provide all necessary information to the customer, and also take their feedback. This is done by sales and marketing team whose responsibility is given to Mr. Fathi Belail.

Thus they want to achieve the belief of the customer with superior quality, product innovation and operation and service efficiency. Their mission and vision are:-

1. Public health on their first preference

2. High inspection in the company
3. Give assurance about their working policy to the customer
4. Make relationship between the Al Ain poultry farm and their customer
5. Maintaining and developing the relation with their processors
6. Supply of only superior quality of product
7. Giving the facility of education, training and development to all employees.
8. A good leader who can develop motivation and can give support to the employees so they can achieve their potential.
9. The employees who can make coordination with the ethical standard and can take responsibility for their work. (AIA101)

External environmental analysis

The growth of Al Ain poultry farm depends heavily on the external environment in the last two decades. The five force model of the company is as given below:-

Porters five force model:

Bargaining power of suppliers:

The service of the supplier is quite satisfactory. They do not import any chickens from out of the country. So its give benefits in getting discount due to be domestic suppliers. Delivery on time, good quality of chicks and eggs, helps the Al Ain poultry farm company in winning the trust of the customer.

Competitor

There are various competitors presents for the Al Ain poultry farm. The names of competitor are like al Rawdah, al Khazana, and Tasil etc. Not only the domestic competitors but the company also faces competition from the abroad. Brazil is the aggressive player in UAE chicken markets. The main markets of Brazil are Yemen, UAE, and Saudi Arabia etc. All competitors have adopted approximately same price policy and quality of product so to compete with them is todays time has become more difficult.

Threat of new entrants

As we see that there is a lot of scope for growing poultry Farm Company. So there is also big threat of new entrant in the industry. The recent new entrances in market are Ain Quide, Al Surk etc. There business is also expended and they are also keen to establish themselves as the best company.

Threat of substitute product

It is not compulsory that the customer will only prefer chickens in their food, there are lots of substitute for the products of the company. If people are conscious about their health and they can choose vegetarian food and in non vegetarian then can prefer fish, mutton or any others.

Bargaining power of customers

The customers are also main factor in the external environment. They are educated, so they want to take all information before getting the delivery. In Al Ain poultry farm there is communication network so that they can communicate with the customers. Sometimes the customers try to do

<https://assignbuster.com/poultry-farm-internal-and-external-analysis/>

bargaining but the Al Ain poultry farm mostly prefer fixed pricing method so there is no chances for doing bargaining.

PESTLE analysis:

(P)olitical environment

The political system is prevailing in a countrys policies and control of business. An honest, efficient and stable political system is become essential factor for the development of any country. In UAE there are three main vital institutions: executive or government, legislature and judiciary. Among the there the legislature is the most crucial political factor which impacts the al ain poultry farm because it includes powers such as policy-making, law making, budget approving mirror of public opinion.

(E)conomic environment

The three economic factors which effect al ain poultry farm are capitalism, socialism and communism widely. The al ain poultry always want to be in competition with others. Their profit and wages system are based on the ability and willingness to work. There is also a policy so that any owners can divest his capital form the profits. The workers are also free to select an employer and site. Like workers al ain poultry farm select the managers on the basis of their ability. They are also free to make any decision. There are also a limited competition and profits, wages etc fairly in relation to efforts. The company also encourages workers for employment. Generally economic environment consist those factor which bear the functioning of a business. In case of al ain poultry farm the economic system comprise price and

distribution controls, per capita and national income, population, financial and fiscal sectors, infrastructure etc

(S)ocio-cultural environment

There are certain social factors which are beyond the companys gate. These factors include attitude to exalt, family, marriage religion, education attitude to people toward the work and ethics. Some time due to this factors the demand of the al ain poultry farm grew and sometime its falls.

(T)echnological environment

Technology environment exerts significant influence on business. The impact of technology on the business can be seen as companys product, services, markets, suppliers, competitors, distributors, manufacture etc. Due to technology environment the al ain poultry farm got the continuous growth from last few years. It is also helpful in increasing quality products. The al ain poultry farm has more capital demand, rise of productivity, more emphasis on R&D, and pressure to become more professional etc.

(L)egal:

The company is also largely affected by industrial and animal related laws. The company is also prone to any sue in commercial court regarding quality of food material.

(E)thical:

Ethical factors are concerned with the social responsibility part of the company. The poultry farm has some ethical rules to follow regarding
<https://assignbuster.com/poultry-farm-internal-and-external-analysis/>

maintenance of animals. For example, the company has to maintain proper safety and neatness level in farm etc.

Value chain:

The value chain consists of the process of value addition in the products of the company. In Al Ain poultry, the value is been added at every stage of production.

The company has large farms and number of hens producing eggs. The company maintains large farms and thus feed the animals so that they can produce eggs and meet which are the key products of the company.

The company also adds quality to its products by the mean of proper and regular quality check of the products produced by the farm.

At each stage of production, proper documentation is done in order to maintain proper accountability of the system.

The company is also planning to go for ISO 9001 implementation to increase the quality of the products and to add more value in it.

Internal analysis

The internal factors consists the factors which are inside the company. The internal factors of the Al Ain poultry farm are:-

Products and service

This includes inventory management, product modification, and product transportation of Al Ain poultry Farm Company according to the customer

<https://assignbuster.com/poultry-farm-internal-and-external-analysis/>

needs. Not only the products, this also includes the Al Ain poultry farm companys sales services, promotional for the product, packing, handling of return product and customization.

Communication flow

There is a facility for communication with the customer like getting information about the quality of the product, packing information etc.

Payments system

This includes billing for the customer, caring of special customer orders, order frequency, credit cheques and others.

Leadership

The leadership is managed by the general management in the Al Ain poultry farm company. The general manager looks for various operations like: general, technical, marketing and financial management performance etc.

Employees

The employees are the backbone of the company and so only skilled labors work here. A satisfactory environment for the working, facility for the coach, support and motivation, giving education to employees, co-operation between the employees and the Al Ain poultry farm company, giving promotion for their work etc are also available in the company.

SWOT analysis

If we want to analysis any company then the simplest method will be the SWOT analysis. This stood for strength, weakness, opportunities and threats.

The information provided by the SWOT is helpful in matching the resource and capability of the firm in the todays competitive advantages.

The Al Ain poultry farms SWOT analysis is as following:-

(S)trengths

The strength part shows that how the company is capable in using its resource as per their capability. The strength of Al Ain poultry farm is:

- The Al Ain poultry farm company is the 1st poultry farm company in the whole UAE.
- The image and reputation of the Al Ain poultry farm among the customers is good. So the customers are widely attached with this farm company. If there are any new entrances then it is not severely affected.
- They used different cost for the different products so that every kind of customer is attached with the company.
- They have used versatile technology. They used new technologys freezer for the storage of the chickens, water resource, method of disposal for the dead birds, preventing them from the dieses and their communication network is so strong so that they can communicate with the customer in easy way.
- There is lesser impact of the import product on this company.

(W)eakness

Every company is not capable to its goals because there always remains some weakness in the company. The weaknesses of Al Ain poultry farm are:-

- They faced a throat cut competition. Its true that they are the 1st poultry farm company in whole UAE but due the competitive environment any little mistake can bring a big problem.
- The whole business depends only on the chicken products. There is a little bit work in egg products but more than 80 part deals in chickens.
- The distribution channels are also weak. Sometimes its happened that the delivery of chickens did not reach at the right time and the company bears both cost and morale loses.

(O)pportunities

In simple language the oppportunities shows the future, means what will be condition of future for our company. It answers that is there any chances for getting profit or losses. The oppportunities for the Al Ain poultry farm are:-

- The main reason for growth of any poultry farm is because chickens are considered to be healthy protein diet.
- There is an increment in the standard of living of the customer and if we look the environment of the UAE then there is also growth in non vegetarian people day to day. As a result the demand of chickens is also increased.
- Day to day new technology is developed, so now they can store more and more chickens, can bring new quality of food with taste.

- Competition is increased and so the company has become more conscious about the quality and will try to reduce the cost. This will be beneficial for the both Al Ain poultry farm and the customers.
- They can get more skilled labor that will create a good environment within the company and can make cooperation with their leaders.

(T)hreats

The threats refer to the current problem which they are facing. The Al Ain poultrys farm threats are:-

- There are two kinds of risk which is faced by the poultry farm: Production risk and price risk.
- Now a days bird flu is spread in the birds, so in this kind of environment it is more difficult to make a quality product.
- There are lots of competitors, both domestic and foreign; they are facing competition from the other country also.
- There are lots of substitutes. Due to the substitutes the competition has increased.

Thus the SWOT analysis shows the positive and negative side of the Al Ain poultry farm.

Strategic objectives

Strategy means making long term direction, taking decision, and allocation of resource. Basically we take three kinds of decision in strategic objectives. What, for whom and how can we do so the companys objectives are decided in strategy.

Practically speaking, now days the poultry farming has become successful in global market. Thats why the Al Ain poultry farm access to market and specialized inputs with the financial support. So the key strategy of the company is to maintain the supply and ownership of the birds, the whole processing and wholesaling should be the as per the meat hygiene act. The standard of this act are:

- The transport of meat as per the human consumption
- Hygienic production
- Premises processing meat according to the human consumption

As we know that this farm also deals with eggs so it operates it under the regulated system and it is the responsibility of managers for the finding markets for their food.

The strategic objectives are:-

1. To decide the scope of the farm, and give the knowledge to the members of the farm.
2. All practices are done after the considerations of birds welfare. The poultry covers the topic like lighting, ventilation, health, food protection and management practices.
3. To give assurance about the safety of managers, workers and visitors.
4. Monitoring of various nutrient, impact problems and after that remedial action is taken.
5. Possible business model of the company with the consideration of neighborhood competitors.

6. Effect of the import of chickens on the domestic production.

Increase in the value of domestic product and reduce the import dependency.

7. The poultry farms importance in the customers with more diversified and reasonable price.

8. Knowing the link between productivity and income generation.

9. To reduce impact of the uses of meat and to insure that there is no impact on the natural cycle. (Hill, 2009)

Generic strategic

There are three kinds of generic strategies for the maintenance and achievement of competitive advantages: Cost leadership, differentiation, focuses strategy.

If we see at the Al Ain poultry farm then conclusion is that Al Ain poultry farm has adopted a differentiation strategy. Because as we know the Al Ain poultry farm focuses on the different kinds of chickens product and each products has its attribute so it charge the price according to the products feature. The reasons for adapting to this strategy are

- By this they make brand loyalty among the customer from the rivals.
- There are all kinds of products according to the customer need so every customer is attached with the particular product. Not only for the feature there is also differentiating in the pricing so that every level of the customers is attached.
- For managing the supplier also. Why? Because if any supplier charges higher value for the material then it can be managed in any other

product and this is possible only when the farm is diversified in chicken products.

- There is also a benefit from the side of the customers. There will be large number of buyers and we know that if there is large number of buyers then their power for negotiation will be low due to price fixation and low alternatives.
- If there is any new entry then there will be negligible impact on the customer loyalty.

Thus for all above the reason the company has adopted the differentiate strategy. But the company also deals in eggs with the chickens so for that company follows the cost leadership strategy which brings the ability to compete with competitors and bring attraction of the customers and reduces the defect rate. (farm A. A., 2010)

Grand strategic

A record production in poultry and meat industry last year shows that various poultry farms have work harder for the growing consumption need. For the production of chickens the poultry farm has adopted grand strategy by the trade organization.

A grand strategy involves the essential action for the long term plan and to achieve its major objectives. So we will analyze the Al Ain poultry farm companys grand strategy on the bases of market, diversification, product, organizational development, strategic etc.

After the analysis of its corporate and generic strategies, we will discuss the grand strategy on the three levels

<https://assignbuster.com/poultry-farm-internal-and-external-analysis/>

- Growth strategy
- Retrenchment strategic
- Stability strategy

For making growth, the company has diversified itself. For that it does innovation, changes its received and takes the feedback of the customer and also they provide different variety of chickens. If there is any failure in the receipt then they adopt accordingly. This strategy built willingness in the company to try new things. The company is also trying for the new market for its product. (farm A. A., 2010)

The company wants to make stability in its growth and profits and thus the company adopts stability strategy. The Al Ain poultry farm company do the research only on the new product. The research is done on the quality and the price. They do not change the existing products and price policy.

There is no retrenchment strategy followed by the farm company because they do not want to make any reduction in their business activity.

Implementation and control

After all this analysis about the external and internal environment and the various strategies, objectives of the Al Ain poultry farm in UAE we can say that the poultry farms in UAE are growing day by day. The company has implanted all those objectives and strategy, keeping in mind things like the impact on the environment, what is the government strategy for the poultry farm, the customer view and the cooperation of the staff and top management. Thats why the production increased by 25 % in comparison to

last year and the market share of Al Ain poultry farm is also increased by 20 % in UAE.

The various implementations and way they are controlled by the both management and government are mentioned in following:-

Water supply

The chickens are preceded in adequate water supply, clean and cool with the better quality. The water is needed in the farm for fire protection and shed cooling. Except this the hatched chicks should also access water within the 72 hour. The Al Ain poultry farm has a reserve capacity minimum of one day.

Vehicular access

The transportation policy of the farm is made after the consideration of traffic, delivery vehicles, road works etc. The funding of transportation needs the negotiation of developer, local council and transport development.

Noise, electricity supply

The supply of the electricity is at minimum cost and as per the requirement. But due to the large level of a poultry farm they get three phase of electricity supply. There is noise when the farm is established and due the various birds and this is controlled by the environment protection policy.

Buffer distances

Sometimes it happens that due to water quality, dust and noise, odor and management policies, some places are affected. So there should be a buffer

distances maintained between the farm and impact area. All activity is done for the omission of this kind of practices and dourness.

The control on the disease is also an issue. So there is a distance between every poultry farm which is approx 100 meter.

Site selection and development

They have selected the site after the consideration of distance of the market, environment and the government regulation.

Water management

Water management includes

- Disposal of dead birds: there is an arrangement of disposal of dead birds without any harm to the natural environment. Sometime they face the problem of contamination of surface water and ground, odour problems and fly infestation. But they follow the EPA recommendations like freezing of dead birds so that ordure problem can be reduced, and the disposal is done in the licensed water etc.
- Disposal of waste eggs: – the eggs are disposal by the composting, rendering the byproduct plan which are environmentally sound.

Recommendations and conclusion

After the analysis about the various parts of the Al Ain poultry farms we can be say that no one is perfect and neither the farm under consideration. In SWOT analysis we have discussed the problem faced by the company. So there should be actions against them.

According to us the following action should be taken by the Al Ain poultry farm:-

- As we see that the company mostly deals in cash, so there can be credit facility available to the customers. The company should allow the credit card etc for the payment.
- The Al Ain poultry farm company deals only in two products Chickens and eggs. So the company needs to diversify itself. It can diversify by the two ways: expansion and launching new products. As we see that the business of the Al Ain is only in the three major cities of the UAE so it should established its business in more cities and it should also launch vegetarian food along with this chickens and eggs.
- As many times its been seen that due to lack of inspection and monitoring the birds gets spoil, and they used them without checking them. So there should be regular and proper inspection. It will be good if there is a monitoring system on daily bases.
- The Al Ain poultry farm disposes the dead bird in the nearest places, which is also harmful so the disposal of dead bird should be approx 1000 meter far from the company sites.
- The quality of chickens should be checked. The uncooked chicken should be store in the refrigerators. There should be prevention action from the various dieses like the flu etc.

References:

- Al Ain farm. 2010. Welcome to Al Ain poultry farm. [Online](Updated on Jan 2010) Available at <http://www.alainpoultry.com/> [Accessed on April 30th, 2010].
- Al Ain farm. 2010. Mission and Values. [Online](Updated on Jan 2010) Available at <http://www.alainpoultry.com/main.asp?id=3> [Accessed on April 30th, 2010].
- Al Ain farm. 2010. Shops and maps. [Online](Updated on Jan 2010) Available at <http://www.alainpoultry.com/main.asp?id=5> [Accessed on April 30th, 2010].
- Hill, Charles & Jones, Gareth. 2009. Strategic Management Theory: An Integrated Approach. 9th Edition : Cengage Learning