

# Organisational strategic choice report

[Business](#), [Company](#)



## **Abstract**

Presented is the cautious strategic analysis of newly born bank in the UK. Factual research suggests that UK owns the largest banking industry in the world and federal measures of the company highly support businesses in the country with lesser intervention. Secondly, economic and social factors are providing evidence of promising growth in the businesses in UK. Further, competitive landscape suggests that rivalry is high in the industry that is attributed to industry size as well as competitive pressures in terms of suppliers and buyer are comparatively higher.

The internal analysis highlighted the distinctive capabilities of the firm that are providing the firm a competitive edge over the market. Furthermore, SWOT elements indicate the measures that can be exploited by growth strategy. Aligning with the said developments, business level growth strategies utilizing generic matrix are proposed in the paper. Afterward, assessing on SAFe criteria viable strategic alternative is recommended. The proposed alternatives include market development and concentrated growth as both are well-aligned with the current status of business and philosophy of growth. Finally, the paper is bagged with concluding remarks.

## **Strategic Purpose including an Introduction to the Organization**

Vernon Hill introduced Metro Bank in 2010. It is the new high street bank in UK over a century. With the unique ideology of banking model, the bank is established to create value by employing valued services as the consumer experience. The strategic philosophy of the business is to gain value in the mind of the consumer as a recognized brand, not a traditional bank.

The retail model is rapidly growing in UK despite the stagnant growth and eroded trust on banks due to 2008 shock. Currently, the bank is operating with almost 34 stores all across London and aimed to raise the number up to 150 till 2020 (Metro Bank, 2014). The strategy of keeping the limited product in the portfolio is to maintain the simplicity of the model and ease of processes for consumers.

Considering the unique business model, the organization is chosen to assess the strategic position of a unique model in UK and to propose the strategic choices for the purpose of business enhancement and growth. For the purpose, the paper includes comprehensive strategic environmental scan, SWOT description, proposed strategic choice, criteria of implementation on the grounds of strategic evaluation and recommended an alternative.

## **External Environment Analysis**

Ginter & Duncan, (1990) discussed the viability of macro-environmental analysis in terms of a handy tool for managers to develop required strategic plan. Among various tools, PESTLE analysis is widely accepted managerial environmental scan tool that allow managers to review almost all effective elements. Hence, below presented is the PESTLE analysis for Metro Bank.

## **PESTLE Analysis**

PESTLE represents six major environmental factors that are highly affected by today's business landscape. It includes political, economic, social, technological, legal and environmental elements of macro-environment.

## **Competitive Industry Analysis**

According to Hill and Jones, (1988), competitive industry analysis allows businesses capture opportunities and mitigate threats by gaining insight of the competitive landscape. The banking industry of the UK is considered as the largest banking sector of the world. During last 40 years till 2013, industry witnessed drastic growth as in 1975 the size of industry was 100% that is in 2013 reached 450% of GDP of the country (Bush, Knott and Peacock, 2014). The actual description of industry size and pattern is depicted below.

(Bush, Knott, & Peacock, 2014)

Above presented is factual industry review, for the purpose of assessing the potential of the industry Porter's five forces analysis will be conducted in the section.

## **Porter's 5 Forces**

Porter's five forces analysis is one of the early and widely accepted techniques of assessing industry pressure level on a business due to five forces modeled below

In compliance with model description, below assessed is the five forces pressure on UK banking industry with measurement of the degree of intensity and 1 to 5 scale rating.

Below presented is the summary of Porter's five forces analysis in terms of overall pressures of competitive forces in the industry.

## **Strategic Capability Analysis**

Along with macro-environmental and competitive analysis, it is necessary to perform internal analysis of capabilities and resources that are required to survive profitably in the market. Below presented is the assessment of Metro bank by employing Threshold and distinctive resource/capability matrix.

### **Threshold and distinctive resource/capabilities**

Freeman (2010) described that threshold capabilities are those elements that are necessary to run the basics of a business in the industry while distinctive capabilities are utilized for the purpose of gaining competitive edge as depicted below in the matrix

(Freeman, 2010)

### **Below presented is the mapping of resources and capabilities of the metro bank in compliance with the matrix presented above.**

Company description suggests that a company possesses mentioned characteristics as threshold and distinctive resources and capabilities.

#### SWOT Analysis

Below presented is the summary of overall environmental scan and internal analysis in the form of SWOT analysis as depicted below.

According to Thompson, & Martin, (2005) deep analysis of environmental factors allows managers to develop SWOT elements for a company.

#### b. Proposed Business level strategies

According to Hunger, & Wheelen, (2003) Business level strategy provides a competitive advantage for the purpose of competing in the market.

Employing porter's generic strategies, the authors explained to five

strategies model as depicted below in the graphic.

(Hunger, & Wheelen, 2003)

According to case review and internal analysis, it is evaluated that company is practicing focused differentiation strategy to gain value as a unique brand in the banking industry. The philosophy of the organization demonstrates its strategy to create greater unique experience and gain value as a brand like Apple. In addition to that, Hitt, Ireland, & Hoskisson, (2012) maintained that Ansoff model is an effective tool for assessing growth strategy of a company by applying pre-built measures to define future products of a company.

(Wunker, 2011)

In compliance with Ansoff Model, the metro bank is diversification and market development strategies for the purpose of growth. However, diversification in the banking sector on the grounds of products is difficult to exercise. Considering the measures aligned with the strategic approach of the company for growth, some alternative pathways are proposed below utilizing grand strategy matrix. Thompson, & Martin, (2005) maintained that underlying matrix develops strategies on the grounds of utilizing strengths and minimizing weaknesses.

Considering the strategic factors in terms of SWOT and the philosophical existence of the company for growth and unique value, company is mapped in the middle of third and fourth quadrant of the matrix. It indicates that the metro bank holds the potential for high growth and can exploit on the strategies of both quadrants.

## **Strategic Alternatives**

The table presented below is the demonstration of crafted alternative strategies for the company.

### Evaluation of Strategic Choices

Daidj, & Jung, (2011) described that assessment of strategic alternatives is done in the implementation phase to reveal the feasible options in compliance with resources and capabilities of a firm. Daidj, & Jung, (2011) presented the explanation of SAFe model that offer managers to analyze the available strategic alternatives on the grounds of available resources, rationality and stakeholders interest. Applying SAFe criteria, three most viable strategies for the firm is elaborated below:

## **Proposed Recommended Strategy**

Above presented, is the three alternatives assessment on the SAFe criteria to rationalize the choice of one or more to be exploited as a growth strategy for the company. This section is employed to propose the most viable growth strategy for the company on the grounds of strategic analysis and available information. The suggested strategy for the company is a right amalgam of concentrated growth and market development. The rationale for the choice of a combination of strategies is that concentrated growth will enable growth of business in the existing markets by creating more value. In addition to that, the market development approach is highly aligned with the aim of the business to attain considerable growth till 2020.

The rationale for the decision is further supported by opportunistic elements in the external environment. As reported, the economy is in the phase of economic recovery and UK provides business supporting environment. At the

same time, the population strata of the young generation are increasing . Thus, it can be inferred that new customers are increasing in the market. Secondly, expansion of businesses nationally and internationally has become the most valued strategy of current business models. Considering all the mentioned factors and company's internal capabilities, the combination of strategy is offered as a major strategic policy of the company to the company. On the other hand, the weaknesses and threats of the company are also taken into account while finalizing the growth strategy choice. As extracted from the available information, the entity is considerably novel and exists from 2010 and have limited reach to the customers in terms of geographic expansion. At the same time, there are threats of competition from giants of the industry as well as from the regulatory reforms of banking structure thus company needs to be more focused on growth with addressing the portfolio measures in compliance with reforms. Finally, the proposed strategy is assessed for the benefits of stakeholders with the underlying insight of stakeholders' interest in the business and the power they possess over the business. Stakeholders' satisfaction is the measure that suggests the success of a business in terms of value and growth (Jonker, 2006). Below presented is the matrix that suggests the stakeholders that possess power and interest in the underlying business. (Jonker, 2006)

Above presentation not only represents the stakeholder but their power and interest pressures on the business of underlying bank. Considering the concerns of growth of leader, board, and management and the facility by customers the above amalgam of strategy is proposed. For instance,



frequent business or leisure travelers need branches of banks out of station may refrain to use the bank due to its limited geographic reach. Thus, market development strategy would not only accomplish growth goals but also satisfy powerful stratum of stakeholders.

## **Conclusion**

The paper is an effort of presenting the proposed strategy for growth of the business on the grounds of strategic assessment of business environment and internal capabilities. For the purpose, a comprehensive strategic analysis is performed and presented in the paper and findings are presented in the SWOT matrix framework. Assessing the firm's SWOT elements, strategic alternatives are developed to provide a wider base of strategic choices and after assessment on the grounds of SAFE elements strategy of market development and concentrated growth is proposed to the company.

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