

# Strategic planning of american management technology computers essay sample

[Business](#)



In this assignment we will show you Strategic Planning at the example of one company. The company name is AMT computers.

### Executive Summary

By focusing on its strengths, its key customers, and the underlying values they need, American Management Technology will increase sales to more than \$9 million in three years, while improving the gross margin on sales and cash management and working capital. This business plan leads the way. It renews our vision and strategic focus: adding value to our target market segments, the small business and high-end home office users, in our local market. It also provides the step-by-step plan for improving our sales, gross margin, and profitability. In order to implement these changes and improve profitability, we plan to borrow another \$100, 000 long-term this year. The amount seems in-line with the balance sheet capabilities.

AMT is built on the assumption that the management of information technology for business is like legal advice, accounting, graphic arts, and other bodies of knowledge, in that it is not inherently a do-it-yourself prospect. Smart business people who aren't computer hobbyists need to find quality vendors of reliable hardware, software, service, and support. They need to use these quality vendors as they use their other professional service suppliers, as trusted allies. AMT seeks to fulfill these needs and become the leader in business information technology for its region. The Yearly Total Sales chart summarizes our ambitious sales forecast. We expect sales to increase from \$5. 3 million last year to more than \$6 million next year and to more than \$9 million in the last year of this plan. 1. 1 Objectives

\* Sales increasing to more than \$9 million by the third year. \*

Bring gross margin back up to above 30%, and maintain that level. \* Sell \$1.5 million of service, support, and training by 1998. \* Improve inventory turnover to 6 turns by 1998.

## 1. 2 Keys to Success

1. Differentiate from box-pushing, price-oriented businesses by offering and delivering service and support — and charging for it. 2. Increase gross margin to more than 30%.

3. Increase our non-hardware sales to 20% of the total sales by the third year. Company Summary

AMT is a computer reseller based in the Uptown area. It was founded as a consulting-oriented VAR, became a reseller to fill the market need for personal computers, and is emphasizing service and support to differentiate itself from more price oriented national chains. 2. 1 Company History

AMT has been caught in the vise grip of margin squeezes that have affected computer resellers worldwide. Although the chart titled Past Financial Performance shows that we have had healthy growth in sales, it also shows declining gross margin and declining profits. The more detailed numbers in the Past Performance table include other indicators of some concern: The gross margin % has been declining steadily, as we see in the chart. Both collection days and inventory turnover are getting steadily worse.

All of these concerns are part of the general trend affecting computer resellers. The margin squeeze is happening through

## 2. 2 Company Ownership

AMT is a privately held C corporation owned in majority by its founder and president, Ralph Jones. There are six part owners, including four investors and two past employees. The largest of these (in percent of ownership) are Frank Dudley, our attorney, and Paul Karots, our public relations consultant. Neither owns more than 15%, but both are active participants in management decisions.

## 2. 3 Company Locations and Facilities

We have one location—a 7, 000 square foot store in a suburban shopping center located conveniently close to the downtown area. It includes a training area, service department, offices, and showroom area.

## Products and Services

AMT provides both computer products and services to make them useful to small business. We are especially focused on providing network systems and services to small and medium business. The systems include both PC-based LAN systems and minicomputer server-based systems. Our services include design and installation of network systems, training, and support.

## 3. 1 Products and Service Description

In personal computers, we support three main lines:

The Super Home is our smallest and least expensive line, initially positioned by its manufacturer as a home computer. We use it mainly as a cheap workstation for small business installations. Its specifications include ...

[additional specifics omitted] The Power User is our main up-scale line. It is our most important system for high-end home and small business main workstations, because of .... Its key strengths are .... Its specifications

include ....[additional specifics omitted] The Business Special is an intermediate system, used to fill the gap in the positioning. Its specifications include ... [additional specifics omitted] In peripherals, accessories and other hardware, we carry a complete line of necessary items from cables to forms to mouse pads ... [additional specifics omitted]

### 3. 2 Competitive Comparison

The only way we can hope to differentiate well is to define the vision of the company to be an information technology ally to our clients. We will not be able to compete in any effective way with the chains using boxes or products as appliances. We need to offer a real alliance. The benefits we sell include many intangibles: confidence, reliability, knowing that somebody will be there to answer questions and help at the important times. These are complex products, products that require serious knowledge and experience to use, and our competitors sell only the products themselves. Unfortunately, we cannot sell the products at a higher price just because we offer services; the market has shown that it will not support that concept. We have to also sell the service and charge for it separately.

### 3. 5 Technology

They have for years supported both Windows and Macintosh technology for CPUs, although we've switched vendors many times for the Windows (and previously DOS) lines. We are also supporting Novell, Banyon, and Microsoft networking, Xbase database software, and Claris application products.

### 3. 6 Future Products and Services

We must remain on top of the new technologies, because this is our bread and butter. For networking, we need to provide better knowledge of cross

platform technologies. Also, we are under pressure to improve our understanding of direct-connect Internet and related communications. Finally, although we have a good command of desktop publishing, we are concerned about getting better at the integration of technologies that creates fax, copier, printer, and voice mail as part of the computer system.

### 3. 7 Service and Support

Our strategy hinges on providing excellent service and support. This is critical. We need to differentiate on service and support, and to therefore deliver as well. \* Training: details would be essential in a real business plan, but not in this sample plan. \* Upgrade offers: details would be essential in a real business plan, but not in this sample plan. \* Our own internal training: details would be essential in a real business plan, but not in this sample plan. \* Installation services: details would be essential in a real business plan, but not in this sample plan. \* Custom software services: details would be essential in a real business plan, but not in this sample plan. Network configuration services: details would be essential in a real business plan, but not in this sample plan.

Defining objectives.

- \* Strategic Management Process
- \* The Business
- \* Visions & Missions
- \* External and Internal Audits
- \* Strategy to reach strategic goals
- \* Financial Plan

### \* Competitive Comparison

#### The Strategy.

Strategy is about playing towards strengths and away from weaknesses. So we defined some of Strategic Management processes.

- \* Define the business and its mission
- \* Perform external and internal audits
- \* Translate the mission into strategic goals.
- \* Generate and select strategies to reach strategic goals
- \* Implement the strategy
- \* Evaluate performance.

#### Review of all points.

### \* The Business.

AMT Computers is a full-service computer company in northwest Indiana servicing the home and business markets. AMT focuses on local markets, small business and home office, with special focus on the high-end home office and the 5-20 unit small business office. AMT is a locally owned computer business specializing in repairing and designing computers and network systems for home and business users.

### \* Visions & Missions

AMT had a vision in 1995 of increasing sales to more than \$9 millions due the end of year 1998. “ By focusing on its strengths, its key customers, and the underlying values they need, American Management Technology will

increase sales to more than \$9 million in three years, while improving the gross margin on sales and cash management and working capital.” VISION

\* Sales increasing to more than \$9 million by the third year. \* Bring gross margin back up to above 30%, and maintain that level. \* Sell \$1. 5 million of service, support, and training by 1998. \* Improve inventory turnover to 6 turns by 1998.

#### KEYS TO SUCCESS

- \* Differentiate from box-pushing, price-oriented businesses by offering and delivering service and support — and charging for it.
- \* Increase gross margin to more than 30%.
- \* Increase our non-hardware sales to 20% of the total sales by the third year.
- \* External and Internal Audits

#### INTERNAL SITUATION

The last study we saw published has retail sales growing at 5% per year, while Web sales and direct sales are growing at 25% or 30%.

#### EXTERNAL SITUATION &WHAT’S GOING IN THE ENVIRONMENT

There are several different kinds of computer retailers within the industry including: Computer dealers: often focused on a few main brands of hardware, usually offering only a minimum of software, and variable amounts of service and support. Their service and support is not usually very good and their prices are usually higher than the larger stores. Chain stores and computer superstores: usually offer decent walk-in service, with very



aggressive pricing, and little support. Mail order: offer aggressive pricing of boxed product. For the purely price-driven buyer, who buys boxes and expects no service, these are very good options. None of these direct competitors provides the customization and service that small businesses such as our clients truly need. \* Translating mission into strategic goals

“ The only way we can hope to differentiate well is to define the vision of the company to be an information technology ally to our clients. We will not be able to compete in any effective way with the chains using boxes or products as appliances. We need to offer a real alliance that includes such intangibles as confidence, reliability, and knowing that somebody will be there to answer questions and help at the important times. Our support services, with which we hope to capture market share will include such services as; training, upgrade offers, installation services, network configuration services, etc. The company will seek to aggressively pursue new opportunities.

Conclusion.

AMT focuses on small business in the local market, with special focus on the high-end home office and the 5-20 unit small business office. They have broken their markets into groups according to standard classifications used by market research companies: home offices and small businesses. Exact definitions of these market segments are not necessary for their marketing planning purposes here; general definitions will suffice. They know their home office customers tend to be heavy users, wanting high-end systems; people who like computing and computers. The low-end home office people buy elsewhere. They also know that their small business customers tend to

be much less proficient on computers, are more likely to need and want hand-holding, and more likely to pay for it. Appendices.

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