Strengths and weaknesses at best buy corporation

Over the course of five weeks, the author has developed a plan to address the threats and weaknesses within the Best Buy Co., Incorporated Company. Best Buy Co., Incorporated suffers from low gross margins and rising confliction from competitors with lower prices on consumer electronics.

While Best Buy Co., Incorporated is doing better than the competitions in the weak global economy, the gross margins are not up to stakeholders standards. This is due to the rise of competition in the technology market, giving room for companies such as Amazon, and Wal-Mart to sell comparable products at a lower price.

With the technology market being in constant change, the report will address the growing need for lower product prices, the establishment of market segments for individual stores based on geographic location and population, and the acquisition of other businesses in its market for promising investment opportunities. The paper will indicate the functional tactics, and action items that the company will establish to meet the objectives. Milestone, deadlines, and tasks will also be outlined in the paper.

In the company, there is growing concern within the stakeholders regarding Best Buy Co., Incorporated's financial stability and future in the fast paced consumer technology market. The report will discuss any required organizational change management strategies that may enhance the success of the implementation strategy by identifying key success factors. In addition to identifying the success factors, the report includes a budget and forecasted financials along with a risk management plan to address the best and worst case scenarios that Best Buy Co., Incorporated may encounter.

Background

Best Buy Co., Incorporated is a $45-billion-a-year company, specializing in consumer electronics, personal computers, entertainment software, and appliances employing over 180, 000 (Best Buy Co., Inc,'2011). The Best Buy retail corporation has dominated the consumer electronics retail market for 15 years, avoiding the inevitable outcomes of its past competitors, by adapting its business strategies to incorporate the ever-changing technology market, consumer purchasing habits, rollercoaster of external environmental and internal environmental factors it has faced, popularizing the superstore beyond initial expectations of CEO Brad Anderson. As the dominant consumer electronics chain in the United States, following the demise of rival Circuit City, Best Buy Co., Inc's yellow tag logo has reached worldwide growth, adorning itself on more than 4, 000 stores around the world in the United States, Canada, Europe, China, and Mexico (Hoovers, 2011). With new challenges on the horizon because of a new wave of competitors, Best Buy Co., Inc has already exceeded the expectations placed upon it by learning from the mistakes of its competitors. To ensure that the company is still moving in the intended direction, an internal and environmental analysis of Best Buy Co., Incorporated is conducted to ensure validity of the organizational vision, mission and value statements. The analysis tool that will be in use to study the significant factors is the Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis.

Implementation Plan

There are many items that Best Buy Co., Incorporated could improve on such as individualizing store goals and employee development. Individual employee training is the key to providing quality knowledge of the products and customer service to the consumers. The long term objection would be to provide employees with continuous training related to the market segment of the individual store and product selection of the department the employee specializes in. Also, a long term objective would be to continue joint ventures with vendors to increase brand popularity and profitability. The joint ventures would bring in new customers looking for exclusive products.

Functional tactics are the'key activities'that have to be executed in each functional area so that products can be produced and marketed'(i. e.'Human Resources, Production, Finance, Marketing, Product Research and Development). These tactics are necessary to execute the objectives stated previously in the report. 'Regardless of how market conditions change, all elements of an organization will change when the manager realigns his or her strategy. The manager should also work diplomatically with senior management in order to facilitate certain changes that require approval. Often, the manager has to entertain both the employees and senior management when working to accomplish strategy changes '(My Strategic Plan,'2011)

Three ingredients are necessary for a business to successfully steer a strategic course through market turbulence and become proactive in shaping events and competitive behavior to its advantage '(My Strategic Plan,'2011):

1. Mission ' A strategic mission and vision that articulates the nature of the business and focuses the energies of all parts of the organization toward the task of outperforming the competition.

2. Market ' A market orientation in which the beliefs and values that pervade the organization emphasize the need to put the customer first.

3. Measurement ' A process for formulating, choosing, and evaluating the best strategy

'(My Strategic Plan,'2011)

Table 1. 3 Optimal Solution Implementation Plan, assess the implementation plan for Best Buy Co., Incorporated. The ideas for growth for Best Buy Co., Incorporated are enormous, and if accomplished successfully will keep the company at the forefront of the consumer technology market. There are many deliverables planned for Best Buy Co., Incorporated, as well as timelines and those ultimately responsible for the deliverable. All deliverables and timelines can be easily mapped out and visually shown. However, one aspect of the implementation process that is difficult to account for is the unknown.

Action Items

Resources are allocated based upon financial and manpower need at individual stores. Need is based upon geographical and market segment needs. I. e. if there is a need for more appliance products due to the stores abundant sales in the department because of an increase in 'family' market segments, those resources will be allocated to that store to ensure customer loyalty and higher profitability.

Implementation Control

Milestones are calendar year quarterly assessments on stores projected and real financial and consumer status. These milestones allow for any change in management strategies by individual store needs, enhancing successful implementation of referenced strategic plan. All deadlines must be completed no later than thirty days prior to calendar year unless otherwise noted and authorized by corporate to ensure continuity throughout the company.

Key Success Financial Factors

Best Buy Co., Incorporated measures its cash flow budget annually and quarterly. Table 1. 4 contains the most recent quarterly reports published.

Period Ending

(Table 1. 4 Quarterly Cash Flow)

(Yahoo Finance, 2011)

Table 1. 5 includes analyst forecasted financials for the company up to calendar year 2013.

Analyst Estimates

May 11

Aug 11

Feb 12

Feb 13

Revenue Est

May 11

Aug 11

Feb 12

Feb 13

Earnings History

EPS Trends

May 11

Aug 11

Feb 12

Feb 13

EPS Revisions

May 11

Aug 11

Feb 12

Feb 13

Growth Est

(Yahoo Finance, 2011)

Risk Management Plan

The risks that threaten a business in the technology market are constantly changing and increasing in complexity. For this reason, it is very important to have a risk management plan for the company. In the development of the plan, the company must identify the threats affecting continuity of the company and prioritize the risks while setting thresholds. A company must evaluate the tactics and the costs associated with the various proposed plans for preventing or reducing the risks, so that they may make informed decisions on how best to mitigate the risks of the project (Risk Readiness Assessment, 2005).

The threats that affect the continuity of Best Buy Co., Incorporated are the competitors with comparable products at lower costs for consumers. The Risk Management team will be directed by the Managing Director, facilitated by the Best Buy Co., Incorporated Management Committee and carried out by every manager in each store as a core activity. The identification and review of critical risk areas within the company and the implementation of Risk Management Plan will also be the subject of internal audit protocols, to be applied by management with the oversight and approval of the district and corporate staff. All staff, corporate, management or customer service employees, are responsible for managing risk within their span of control, for promoting the application of risk management by relaying the knowledge they picked up during training, and assisting with the identification of global or broadly based risks that could impact on Best Buy Co., Incorporated, as a global market power house. Each store will have a risk assessor to act as a focal point for communication and coordination of risk assessment, awareness training and risk management assurance. These risk assessors are managed by district management staff.

Risk management staff are responsible for maintaining corporate risk and risk control information, ensuring that all relevant risk areas are considered, ensuring appropriate linkages to the Organization's business and corporate planning processes, and where necessary, to budget processes. .

Regardless of the level of risks, we need to identify our stakeholders both internal and external and kind of risk that might occur. Following is the description of stakeholders and different type of risks.

Worst case scenario, if there is any unforeseen risk involved in any best buy location and/or at the corporate level, management will need to re-evaluate the risk management strategy. A contingency plan for the identified risk of low gross margin profits and competitors low costs will identify the chain of command if any one area of the company is affected by

Conclusion

The objectives stated in the above report are a part of the overall implementation plan that will help enhance Best Buy Co., Incorporated's ability to thoroughly analyze all environmental factors and risks associated. To ensure a thorough environmental analysis of Best Buy Co., Incorporated, multiple sources and perspectives have been put to use. The organization's competitive position is strong in its market. Best Buy Co., Incorporated creates and sustains superior performance that outweighs the lower costs of its major international and local competitors. Best Buy's competitive advantage enables them to create a superior value for their customers, while at the same time ensuring superior profits for themselves.

The technology and media markets are ever changing and growing, leaving room for competitor growth and potential for the next great 'big box' technology store. The strategies stated above all have the ability to ensure market leadership for Best Buy, if incorporated correctly into their business model. Through thorough analysis of the market, it is a recommendation that Best Buy incorporates the customer intimacy value discipline and generic strategy of focusing on market segments separated by individual stores and locations.