

# Informations management

Business, Management



## **Executive Summary**

The reports sets about assessing HA Loge's current business operation both in the UK and India, this done by utilizing three analysis tools, SOOT analysis, PESTLE analysis and Porters Fiver Forces analysis. From the SOOT analysis the reports highlights several key points, which includes the potential of overseas sales in emerging economies and the benefits of having manufacturing faculties in India.

The lack of developed e-commerce and the poor utilization of information technology advances have been highlighted as one of the biggest weakness of HA Loge's. The PESTLE analysis has shown that while traditional consumer (local councils) have less money to spend and sales may decline In the short term, the opportunities from a new 'Affluent Achievers' market holds great promise. The desire for going 'green' In both social attitudes and wider environmental laws is also an opportunity that can be exploited for HA Loge's gains.

Porters Five Forces has highlighted that threat of new entrants is high because the Entry barrier is high as many competitors try to earn market share in the business of street furniture. The bargaining power of buyers mains high due to councils trying to get the lowest price possible and high number companies who are sharing / or trying to enter the same market. Threat of substitute products remains low because of the high saturation of competitors producing similar products. Bargaining power of suppliers is also low thanks to the adduce of manufacturers offering highly competitive prices and low specialization within the market.

A new IT portfolio has also been recommended for HA Loge's to implement, this includes a complete overhaul of the current ageing IT systems and new website as long as an active social media engagement. A new ERP is vital for HA Loge's future and it has been recommended that SAP be implemented across the company and a new website that will help increase sales within the 'Affluent Achievers' market. The risks of implementing such changes have also been factored in and explored in detail, with the potential of possible issues occurring, such as staff training and skills.

The effect that the new portfolio will have on both the suppliers and customers of HA Loge's has also been explored and in conjunction with the implementation timescale, has highlighted the need for a well organized and structured phasing to the new systems. The recommendation is that HA Loge's take a multi-phased approach to implementing the new systems that includes a pre-stage of evaluation of staff and their ability to use the new systems and a comprehensive training program.

This will be followed by a trial run of the new systems, a soft and partial changeover and then finally a complete switch to the new system, whilst keeping the old systems for 2-3 months as a backup. Following the situational analysis of HA Loge's current business and the assessment of its IT requirements, our recommendations on what HA Loge's requires for the future will allow it to succeed and grow into new markets and remain profitable for the following years.

## **Situational Analysis and Strategic Direction**

### **SWOT Analysts**

#### **Strengths**

As it can be seen from the above table, H. A Logon & Sons, are in an advantageous situation compared to other companies, especially in the United Kingdom. The fact that the company was established since 1952 and has shown stability economically through time allows the opportunity to create a very strong and powerful name. The brand potential can allow immediate expansion and takeover of the U. K. market rely due to its relationship with the local councils and the existing top of quality product range they have. The market is growing and the low competition may allow the company to become market leaders. The Polls group have conducted a market analysis which shows that a lot of the street furniture companies are under immediate danger (Pillions, 2014). The possession of the Indian factory reduces the cost and provides a better advantage on the pricing of the products since they can be offered at lower prices.

The weaknesses described in the SOOT analysis can be fully exploited and used to the company's advantage. The creation of a website and use of social networking will allow easier market penetration and provide easier and cost effective means to reach the target segmentations. It is however noteworthy that the relationship between the H. Q. In India and U. K should be worked on, as this can be beneficial to the client. Better organizational behavior would effectively mean a better working environment and consequently more efficient production. The operations management could be well benefited from such a change. .

**Opportunities**

The opportunities created since the budget for immediate reformation came into existence are extensive in various directions. By creating a patriotic slogan, it will enable the enhancement of the company's image, thus gaining an advantage over other competitors, especially since the major clients of the investigating market are the councils. One can argue that here is no better way to spend the tax payer's money to a native company with a lot of history of consistent quality and relations.

The Lugubrious University can be funded in PhD to offer extensive research on LED Lighting. Especially since LED lighting market is about to increase by 20% (McKinney&Company, 2012) and surpass 20 billion USED by 2020 (Technology, 2014). Biding may be done in the Chinese projects ready to be released in 2017. This is due to the fact that the Chinese government had a problem with the already installed LED Lighting and are expected to replace the lighting introduced. 0-15 to street lighting companies will be able to bid on the project (Magazine, 2007-2014). There is the chance to enter the Chinese market with an upgraded and more professional image. A more environmental friendly approach will attract attention.

**Threats**

Even though threats may not be originated from the immediate environment, a company that is trying to expand globally needs to evaluate any potential threat worldwide. The growing expertise of U. S and China on LED lighting may be proven difficult to reach.

However with effective research, the knowledge can be obtained and surpass the existing threats. There is growing competition in the Far East and these companies may be favored and correctly encountered. In conclusion, H. A Logon & Sons can expand in other markets such as the Chinese market. They can reach the market segmentation 'affluent achievers' through proper marketing and finally they can even expand in the direction of street advertising with minimum costs but great profits.

This can be achieved because street furniture is already sold in the local councils. Advertising is a very powerful tool for expansion as it can provide instant change in profits and promotion of the company. This idea is already exploited by Caduceus, a French company (Caduceus, 2014) and the market is suspected to reach 35.5 billion USD by 2016 (Edition, 2014). Key factors for this increase are arbitration, meliorating global economy and digital out of home advertising.

### **PESTLE Analysis**

The CEO-friendly awareness is increasingly more popular, therefore the company should follow an environmental approach. By producing street furniture or more products in particular street lighting that indeed are environmental friendly, the company can attract buyers. Entering an CEO-friendly mode will show sensitivity company. Thus the councils will be more attracted to the company's products since they will benefit from the CEO-friendly approach. Secondly, the current recession is fading away and the coming years will be marked with an economic boom since England is recovering effectively from the economic crisis (Oxalate, 2013).

The increase in income will provide increase in demand as there is a positive relationship between the two variables. This would inevitably mean that the market of the 'affluent achievers' will also increase and this is the market that Loge's should concentrate on. A report by the ALGA shows that between 2011 and 2015 spending cuts will amount to 33% in real terms. It is clear to see that the previous strong consumer base in local councils may falter and as a source of revenue may not be growing, least not in the short term. Therefore Loge's should be more aggressive with contract bidding.

This also leads to a secondary point that out cash flow in the short term maybe less and more opportunities must be sought out, as well as a better financing (Association, 2013). Thirdly, political factors are defined as political issues which can occur in the company, in the areas where the company is operating, both nationwide and worldwide. The effect on business and legislation can be done by political changes and globalization. Government regulations, tax policy and trade restrictions are the main factors that should be taken into notice.

Finally, technology is rapidly developing, especially in countries as USA and China that are more advanced in markets of LED lighting or even street advertising. By investing in technology and creating Research and Development support teams, the company may expertise in LED Lighting sector and can increase its product range such as including interactive panels, which allow advertising to occur. The company may not be directly involved with the advertising but they can actually sell or rent the panels to the local councils.

The councils can choose whether to advertise events or other companies for personal profit. The PESTLE analysis did not raise any flags to any legal concerns or any other matter of the type. 1. 3. Porter five forces The threat of new entrants is high. The company is a market leader in I-J and competitors abroad, bigger companies that have better technological equipment and are trying to earn market share in the business of street furniture. They also have better relationships with councils abroad, since Loge's company has relationships mainly in UK and isn't established long enough abroad.

Furthermore, these companies can take advantage of their bigger brand awareness and make agreements more easily than Lagan's company. However, Supply -Side economies of scale are exploited for Loge's since they own their supply factory. This spreads the fixed costs over more units. This deters entry by forcing the 'aspired entrant' to come in the industry on a large scale production or accept a cost disadvantage. Finally incumbency advantages are independent of size. This effectively means that H. A. Loge's are not easily threatened by potential entrants due to their geographic location (Cobber, 2010).

The bargaining power of suppliers is low. The company has the opportunity to collaborate with many manufacturers as suppliers, which allows the company to easily make an agreement with another supplier. There is sufficiency of raw materials, which doesn't allow suppliers to have monopoly on them. Bulk buying can be used and this will result in having discount in price during purchasing. The bargaining power of buyers is high due to the



large volume of business agreements between the company and the councils for a wide range of products. Failing at the negotiations with the councils can result in losing a wide range of business projects.

Their high power gives them the allowance to force down prices and the Loge's company shall accept it since there is the threat of their competitors. The threat of substitute products is low. All companies in the street furniture business manufacture almost the same products and there are no known substitutes. LED lights and panels could be characterized as substitute products, but there aren't brought in the East Midlands market yet (assumption). In the case that the substitutes are considered high, Loge's should distance itself from substitutes through product performance and marketing.

The threat of intense segment rivalry is high. In UK during the last years many companies were obliged to exit the street furniture market because of the economic crisis. The companies that survived Loge's company), managed to dominate in the I-J market, but as it seems lately there is an increasing number of big companies from abroad that are trying to enter and invest in this market. " Rivalry is especially destructive to profitability if it gravitates solely to price because price competition transfers profits directly from an industry to its customers".

The new market of 'affluent achievers' will likely draw new entrants due to the chance of exploitation. Care should be considered to avoid the above statement. Although H. A Loge's will be the first to enter they should do so in a manner that will allow them to establish their network with brand

recognition, excellence in customer service and price stability (E. Porter, 2008).

## **Metrics**

In this section, other possible performance metrics will be discussed according to the new proposed strategy plan. Financial metrics are like descriptive statistics and says something unique about a characteristic of the whole body of data that might not be obvious from merely reviewing individual finance figures (Tax, 2009). Firms and management require an objective way to measure performance so more often than not, it's easier to go straight into the result and forgetting to measure also what led to those results.

Financial metrics are useful but shouldn't be used on its own because financial performance is a result or consequence of something else (Tax, 2009). Operating metrics are the inputs that correlate or drive the desired outcome, if more attention is paid to the operating metrics then financial outputs wouldn't be a big issue for the organization. Examples of these operating metrics include customer satisfaction, customer repetition, customer referral rate, quality of product etc. This is the aspect of metrics this report will focus on (Tax, 2009).

## **New Proposed Strategy for H. Logan**

More friendly environmental products (CEO-friendly products) Exploitation of the 'Affluent Achievers' market Investment in research and development team Extension/Reduction in product line Adequate HER staff to deal with staff issues/concerns especially the issue between the Indian office and the

WHQL Set clear goals and objectives Encourage customer and staff feedback  
Possible reduction in staff from both branches (the I-J and India) and training  
the Taft removed from the office to become call centre staff where they can  
deal with customer enquiries, queries, complaints and orders (e-commerce)  
Provision of services, e. . Offering delivery and installation services etc.  
Website, proper marketing strategy Introduction of new IT software (SAP  
software)

## **Potential New Metrics**

Metrics are used for a variety of reasons. Metrics such as market share, sales increases, margins, and customer satisfaction surveys enable firms to take stock of where they are now and where they want to be in the future (Houses & Katz, 1998). Hauser and Katz, 1998 suggest that every metric will affect actions and decisions whether used mainly to influence behavior, to evaluate future strategies, or to take stock.

An ideal metrics system should be tied to overall profit, apply to all employees and be designed to encourage extra effort, however if stretched to the limit can result in counter-productive actions. Relating these metrics back to H. Logan, below is an ideal list of what metrics should be measured in their company. Measurement of how their products and services are perceived in the market- this can be done by market research to determine if people view their products as high end luxury or affordable but quality products etc.

Measure how much these 'affluent achievers' are willing to spend on lighting and how often they purchase household goods. Organization views it as well.

Find out what the customers want- by measuring how often they repeat orders, refer the organization's products to their friends and family, or how often they cancel orders, and how many customers never return to H. Logan to buy goods. The Voice of the Employee- this can be measured by finding out what the employees want, what they value. This can lead to enabling employees make decisions and take actions that they know are going to be necessary to achieve their metrics-based goals.

## **Balanced Scorecard**

A balanced scorecard is a strategic management system used to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals (Kaplan & Norton, 2007). The balanced scorecard is a management system that enables organizations to clarify their vision and strategy and translate them into action.

It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve centre of an enterprise. The balanced scorecard suggests that we view the organization from four perspectives, and to develop metrics, collect data and analyze it relative to each of these perspectives which include: The learning and growth perspective- This entails employee training and corporate cultural attitudes related to both individual and corporate self- improvement.

It is the most essential foundation for the success of any organization. The business process perspective- this allows the managers to know how well their business is performing and if it matches their customer requirements. This system should be implemented by those who know the system inside and out. The customer perspective-customer focus and perspective is important in any organization and most organizations are beginning to realize the importance of their customers. If customers aren't satisfied, it is likely that they will find those suppliers/ organizations that satisfy them.

So measuring what customers want and like the type of customers they are and the processes that need to be followed is essential. The financial perspective- this is the traditional way of measuring metrics but still useful in measuring the additional financial-related data, such as risk assessment The learning and Growth perspective The business process Perspective The customer The financial goals. Measurement of how much the 'affluent achievers' are willing to spend on lighting ND how often they purchase household goods.

Measurement of how their products and services are perceived in the market place by carrying out a market research to determine if people view their products as high-end luxury or affordable but quality products etc. Do the consumers view the products 'attributes as the same attributes the organization views it as well. Find out what the customers want by measuring how often they repeat orders, refer the organization's products to their friends and family, or how often they cancel orders, and how many customers never return to H. A. Loge's to buy goods. How much is available

to spend on the new strategy and development. If there isn't adequate funding, how will the organization source for funds. How much profitability lies in the development of the new developments/ strategy/plan.

Measurement of how much the new systems will cost and how to priorities the funding of the new system. Measurement of the cost of training staff, R costs and risk assessment. Measurement of the cost of marketing and developing new website.

## **Portfolio of Systems**

Resource Planning can be crucial to a business, especially one as out- dated as this. As in any other business, processes essential to its success include inventory and order management, accounting, human resources and customer relationship management. At its most basic level ERP Software 'integrates these various functions into one complete system to streamline the process and information across the entire organization' (Devonshire, 2014).

First and foremost the company needs to invest in the current website as it is over 10 years old. In today's technological age, online content is more vital than ever so as not to fall behind. The Internet is the way most potential customers will search for H. A Logon & sons and if market emphasizes their greater need to invest in this part of the business. Loge's finds itself under intensive pressure from new competition abroad, so they must have some sort of product differentiation to really show prospective customers what they are all about.

They should also look to add a separate section to the website specifically for the home solutions potential market. They are what kept the business going when their competitors disappeared and it fits in very well with the strategy to exploit the 'Affluent Achievers' market. This is a new market opportunity and one that must be seized so H. A Logon & sons can progress to the next level. Due to the cost and long-term maintenance of the website, it would be appropriate to outsource the website production and maintenance to a professional company.

The company will also need to invest in new IT systems because what exists has been running for over 35 years and has become increasingly unstable. It is important to realize that 'an ERP system that is not the right fit tends to weigh down the entire organization' (lyre, 2012), this is why we have taken special care in narrowing down possible systems the company could use such as Oracle, Sage and SAP. Oracle represents more of an integrated system, while Sage pride themselves on the ease of use but the most suitable system for H. A Logon & Sons is the 'SAP business objects solutions' system.

This we believe brings a far more holistic process to the table and helps solve some of the problems they have now and reduce the overall cost that comes with implementation. SAGE and Oracle might be better at certain aspects but the SAP system is more consistent across the board as the feature analysis (table 1 below) depicts. 'The evaluation of the ERP process must consider usability as a critical success factor' (lyre, 2012) and this is

what the SAP system ensures. It provides an intuitive means to unify the information that business users need for their daily activities.

It eliminates the need to access multiple applications, providing relevant information from a central location'. This as we can see will already eliminate the problem the company has had over the years where they have to input the same data several times because some systems aren't integrated. It comes with 'Large Scale information distribution', which is very useful as the company has bases in both England and India. This helps because the platform supports distribution of content to up to 1 million recipients and allows the workers have all they need available to them.

The most important integration this system brings is helping the company make decisions based on the whole picture. As mentioned earlier, ERP integrates many aspects such as HR, operations etc. The problem with this is that we tend to gain individual views based on these aspects but the SAP system gives a 'unified view of the businesses and enables its users to gain fresh new perspectives. Using the Package approach is beneficial as it's cheaper and can be tailored to the needs of the company.