Strategic management in fashion brand odel

I conduct this research work to give a clear picture of strategic management and as well the leading fashion brand ODEL. The corporate world is in the process of transformation technology and globalization. Strategic management takes a panoramic view of this changing corporate terrain and attempts to show how large and small firms can be more effective and efficient not only in today's world, but also in 2mro as well.

And also this research will give the knowledge about the leading fashion brand ODEL. How did it create a fashion revolution in Srilanka? How does it lead in fashionable brand and understand the latest fashion from style runways in its contributions. Its success lies in implementing

TASK 01

What is your understanding strategic management and discuss its phases? Analyse the contexts of corporate, business and functional level strategy.

Initially strategic management was mostly use in large companies to operate multiple trades. Rising risk of error, costly faults and even economic ruin are causing today's perfect managers in all institution to take strategic management serious issue in order to remain their company competitive in a rising unstable environment. (Frery 2006)

Different authors have described strategic management as followed:

The strategic management is used to present to " strategic formulation, implementation and evaluation with strategic planning referring only the strategy formulation" (Pearce & Robinson 2000) the intention of the strategic management is to develop and produce new and different opportunities for future.

As Mr. Potter refers that, “ Strategy is the direction of an organization over the long term which achieves advantage in a changing environment through its configuration of resources and competences with the fulfilling stakeholder expectations. This in turn led to organizational development activities as reorganizing, new definitions of roles, jobs and etc”. (Potter 1996)

And also it can be carried in “ the strategic management is that set of managerial decision and action that determines the long run performance of a corporation. It includes environment scanning (both external and internal). strategic formulation (strategic or long range planning), strategic implementation and evaluation and control. As this definition implies, strategic management focuses on integrating management, marketing, finance, and production/ operations, research and development and computer information system to achieve organizational success. (Hoskisson, Hitt &Wan 1999)

The study of strategic management therefore emphasizes the monitoring and evaluating of external opportunities and threats in light of a corporation’s strengths and weaknesses. Strategic management as a field of study incorporates the integrative concerns of business policy with a heavier environmental and strategic emphasis. Therefore strategic management has tended to replace business policy as the preferred name of the field.” (Hoskisson, Hitt &Wan 1999)

The strategic management is a core area for an organization in order to explore the problems which result in success or failure. Strategic management has been defined as “ that set of decisions and actions which lead to the development of an effective strategy or strategies to help achieve corporate objectives.” (Luffman, Lea, Sanderson and Kenny 1996)

Basic stages of strategic management:

The strategic management process consists of four basic stages. Environmental scanning, Strategic formulation, strategic implementation, and evaluation and control;

Environmental scanning:-

Before an organization can begin strategy formulation, it must scan the environment to identify possible opportunities and threats and as well the strength and weaknesses. Environmental scanning is the monitoring, evaluating and disseminating of information from the internal and the external environments to key people within the organization. A organization use this method to avoid strategic surprise and to ensure its long term health. Research has found a positive relationship between environmental scanning and profit

(Thomas, Clark & Gioia 1993)

Strategic formulation:-

This is the expansion of the long range plans for the effective management of environmental opportunities and threats as well as the organization strength and weakness. It consist of defining the corporate mission, identify achievable objective, rising strategies the setting policies. Strategy formulation issue include deciding what new business to enter, what businesses to abandon, how to allocate resources, whether to expand operations or identify, whether to enter international markets, whether to merge or form a joint venture and how to avoid a hostile. Because, every organization has limited resources itself. So strategists ought to decide which alternative strategy will be benefit for the firm most. Top managers have the best perception of understanding effect of strategy formulation and they are the persons who have the authority to commit the resources necessary for implementation.

(Hitt & Michael 2006.)

Strategic implementation:-

Strategic implementation is the most difficult stage in strategic management. This process requires a firm to establish annual objectives, devise policies, motivate employees and allocate resources for the implementation of the formulated strategies. This is the process that converts the strategies and policies in to the action through the development of programs. Strategy implementation includes developing a strategy-supportive culture, creating an effective organizational structure, redirecting marketing efforts, plan the budgets, developing and utilizing information system and linking employee payment to organization performance.

(Hitt & Michael 2006.)

Evaluation and control:-

Strategic evaluation is the final stage in the strategic management. The purpose of this process is to evaluate the actual performance of an organization to do the comparison with the desire result. Because the strategic management processes were inappropriately used, operational managers must know about it. So that they can correct the employee activity. Evaluating and controlling is the major element of the strategic management to identify the weaknesses in previous executed strategic planes and thus stimulated the entire process to begin again. And all strategies are the subject to future modification because external and internal factors are continuously changing. Followings are the three fundamental strategy evaluation activities

Reviewing external and internal factors that are the bases for current strategies.

Measuring performance.

Talking corrective action. (Hitt & Michael 2006.)

Mission

Objectives

Strategies

Policies

Program

Budgets

Procedures

Performance

Structure:

Chain of command

Culture:

Beliefs, expectation Values

Resources:

Assets, skills, Competencies, knowledge

Internal

Societal Environment

General forces

Task Environment

Industry analysis

Strategy Formulation

Strategy Implementation

Evaluation and Control

Environmental Scanning

External

Reason for existence

What results to accomplish by when

Plan to achieve the mission & objectives

Broad guidelines for decision making

Activities needed to accomplish a plan

Cost of the programs

Sequence of steps needed to do the job

Actual results

Figure 1. 1

(Thomas, Wheelen & Hunger 2006)

Importance of strategy management:

Today strategic management became a popular and importance in the business activity for various reasons. Strategy management allows an organization to be more proactive than reactive in shaping its own future. It let an organization to initiate and influence activities and thus to expect control over its own destiny. Ref: (www. planware. org/strategy. htm)

Business has determined that this is the way to reach the success:

As a successful business it may have a plan and a specific path in order to achieve the goal of the organization and reach the success.

It allowed the business use to think in forward:

A business must be very focus on the environment as well as the customers need and wants in order to stable its futuristic in the market. The forecasting is the way to get a positioning among the public and shinning as a unique.

In this procedure it shows a company where they are at present and where they actually want to be and how they get pathway where they want to be.

When the strategic management is implemented the stakeholders will get to know about the goal of an organization.

It gives everyone a position, a position makes a different performance level, and it provides efficient approach to reservations and focus on workers.

To develop appropriate strategy and put strategy into action.

The phases of the strategic management:

A firm generally evolves through the following four basic phases of strategic management

Basic financial planning (phase. 1):-

The project is based on the analysis very little proposed with the most information from the organization. The sales typically offer the small amount of environmental protection, information. Such simple operational planning is only pretending, strategic management, and it is quite time consuming. The time horizon is usually one year.

(Gluck, Kaufman & Welleck 1982)

Forecast based planning (phase. 2):-

In addition to internal information, managers gather available data from environment to extrapolate the current trend of five years and future. This phase also time consuming. The process gets very political as managers compete for larger share and funds. The time horizon is usually three to five years.

(Gluck, Kaufman & Welleck 1982)

Externally oriented planning (phase. 3):-

Top level management controls the planning process by the introduction of strategic planning. The company tries to increase its responsiveness to changing markets and competition through strategic thinking. Top management typically develops five-year plan with the help of consultants but input from lower levels.

(Gluck, Kaufman & Welleck 1982)

Strategic management (phase. 4):-

The employees at many levels from various departments and works groups develop and integrate a serious of strategic plans aimed at achieving the company's primary objectives. The complicated annual five years plan is replaced with the help of all levels of the organization throughout the year.

(Gluck, Kaufman & Welleck 1982)

Levels of strategic management:

Strategy exists at a number of levels in an organization. They are,

Corporate level strategy:-

This is concerned about the overall scope of an organization and how value will be added to the different units of an organization. Corporate strategy tropically fit with the three main categories of stability, expansion and reduction of expenditure. (Ansoff 2002)

According to Michael potter, “ a firm must formulate a business strategy that incorporates cost leadership, differentiation or focus in order to achieve a sustainable competitive advantage and long term success in its chosen areas or industries”. (Potter 1993).

Alternatively, according to Kim and Mauborgne, ” an organization can achieve high growth and profits by creating a blue ocean strategy that breaks the previous value cost trade off by simultaneously pursuing both differentiation and low cost.” (Kim & Mauborgne 2007)

E. g.: – Nicholas Piramal follower a corporative growth strategy in order to have more share formulation drugs

In corporate strategy, Johnson, Scholes and Whittington present models in which strategic option are evaluated against three key success criteria,

Suitability (would it work?)

Feasibility (can it be made to work)

Acceptability (will they work it)

(Johnson, Scholes & Whittington 2008)

Business level strategy:-

The second level is business level strategy which is about how various businesses included in the business strategy and compete in their particular markets. Because of this reason business strategy is called as competitive strategy. This typically concerns issues such as pricing strategy, innovation or differentiation instance by better quality. So where ever corporate level strategy involves decision about the overall organization as a whole, strategic decision related to particular strategic business unit within the overall organization. (Johnson, Scholes & Whittington 2008)

According to Potter’s statement “ The business strategy must be maintained continually, in line with changes in the business and its environment. It should be formally reviewed at least annually as part of the business planning round; it provides the context for progress reporting on strategic themes.” (Potter 1993).

The business strategy must always show progress against plans to date, to enable planners to determine the current business environment and the impact that specific change programs and projects will have on the organization as a whole. There must be accurate, timely information about: Major investments to date, the corporate risk register, For each major investment, the risks associated with it. (Potter 1996).

Operational strategy:-

The third level of strategy is at the operating end of an organization. This is an approach taken by the functional areas to achieve the corporate objectives and strategies by maximizing the resources productivity. It is concerned with increasing and nurturing a distinctive competence to provide a company or business unit with the competitive advantage. This strategy determines how and where a production or service is to be manufactures, the level of vertical integration in the production process and development of physical resources. It should deal with the optimum level of technology the firm should use in its operational process. (Potter 1996).

TASK-2

Carry out a stakeholder analysis for ODEL and explain the importance of carrying of out a stakeholder analysis at strategic level

Stakeholders

A stakeholder is a person or institution with interests that can affect or be affected by the organization activities. A stakeholder is normally concerned with an institution distributing intended outcome and gathering its financial objectives. In general, a stakeholder can be classified as follow:-

Internal stakeholders

Connected stakeholders

External stakeholders

(Freeman, Edward, Reed & David 2002)

E. g.:-owner, manager, shareholder, investor, employee, customer, partner and/or supplier, among others.

Following is a diagram for the three types of stake holders

stakeholders

Example of interest

government

Taxation, reduce the unemployment, truthful reporting and etc.

Employees

Wages on time, job security and promotions, respect and etc.

Customers

Value, quality, customer care, ethical product and etc.

suppliers

Equitable business opportunities, supply the product for customers.

creditors

credit score, new contracts, liquidity and etc.

Community

jobs, involvement, environmental protection, shares, truthful communication and etc.

Trade unions

quality, Staff protection, jobs and etc.

Investors

Profit, futuristic of the firm, respect and etc.

(Freeman, Edward, Reed & David 2002)

A stakeholder may take part directly or indirectly to an organization's activities. Other than business, a stakeholder may also be concerned with the result of a specific plan, effort or activity, such as a community development scheme or the delivery of local health services. A stakeholder usually stands to gain or lose depending on the decisions taken or policies executed.

Stakeholder Analysis

Talking about the Stakeholder Analysis is an approach that is normally used to identify and examine the Force Field formed by any group or individual who can affect or is affected by the achievement of the objectives of an organization. Stakeholder Analysis identifies the ways in which stakeholders may influence the organization or may be influenced by its activities, as well as their attitude towards the organization and its targets.

E. g.:-

Customers are important when quality of products is discussed.

Employees are important when circumstances or safety at work is discussed.

Government is important when dealing with the environment or legislation.

Stake holder analysis is the appropriate method to gathering data as an introduction to planning in tactic and objective setting stage. We can generally illustrate three reasons for why does the stake holder analysis necessary to an organization.

Surveys are a cost efficient way to increase the input from a large number of individuals. Ensure that you are asking the correct question to find out the information you need, and that respondents are diplomatic. Surveys are a lack of risk, low-cost starting point and are best followed up with mechanisms for dialog, creativity and consent building.

One-on-one meetings are a best way to develop personal relationships while gather information. It’s essential to set expectations with contributor on how the data will be used and the range of other people to be consulted, so no one is dissatisfied if all of their facts are not imitate. All make sure the information collection is available to the main decision-making group.

Multi-stakeholder discussion carries together different stakeholders in a neutral forum, and is influential tools for sharing information, building consent and earlier promises to the end product. As the Roman philosopher Seneca said around 2000 years ago, “ the best ideas are common property”. Often annual convention permits time for plan or strategy expansion workshops. An independent facilitator will produce a relieve sector and process for positive contribution.

Ref: – (http://www. axi. ca/tca/Nov 2004/associate article)

Internal stakeholders:

The internal stakeholders are can be functioning as inside the organization, those people who are having very interest and care about the organization as well, can directly affect or can be affected by the activities of a particular Organization. Generally Employees, managers, Directors and Secretary are taking place as internal stakeholders. Mean while the ODEL has its internal stake holders itself.

Employees:-

Employees and their delegate groups are interested in information about the permanence and profitability of their owner. They are also concerned on the information which allows them to assess the capability of the organization to provide remuneration, retirement benefits and the other requirement of an employee. ODEL accept as true that employees are the most important drivers of the growth for their organization. They have certain approach between the employees which is 5Ps’. Such as: People, Pride, Passion, Process and Performance.

Odel believes in combine training and development into the Company’s regular work background. With this in mind, Odel provides strict workshops and guidance programs for the staffs, both locally and overseas.

At Odel, they pleasure in supporting and equipping their employees to reach the top by providing the required training. By support internal staffing, Odel has increased awareness of their business culture and value.

Directors:-

Directors can be classified into two. Board of Directors and Non Executive Directors; Both Directors are commonly known as management body, directors have to attend the conference, financial analyzing, plan their obligations and achieve their objectives thus each and every directors have to have responsible for their responsibilities.

E. g.: – according to the ODEL management structure

Mr. Ruchi Gunewardene – Chairman/Non-Executive Director

Ms. Otara Gunewardene – Executive Director/CEO

Mr. Paul Topping – Non Executive Independent Director

Mr. Sanjay Kulatunga – Non Executive Independent Director

Mr. Eardley Perera – Non Executive Independent Director

The directors have some duties towards the organization such as to be a good leader and as well a good innovator to implement some new ideas and make perfect decision on the uncertainties of the organization for its futuristic. There for they can earn the good profit and as well the good will of customers.

As we take Otara Gunewardene as an example, she is a Sri Lankan industrialist as well a Model. She is the founder and CEO of the brand Odel. Otara implement some new way of strategy in her business to make Odel to shown as a highlight. She newly introduced fashions in Sri Lanka and reaching global heights on her own merit has attracted the great compliment from many esteemed institutions and serve to confirm her status as an entrepreneur par excellence. Looking back at all the tributes that have come her way since she established ODEL. Otara's determined Endeavour has always been to add value in every which way and this has inspired all the new additions to Odel's portfolio of offerings. Now Odel became a section devoted to dressing customers with a taste for high fashion.

To identify a good leader awards play major role. Following are some awards which are achieved by Otara Gunewardene:

In 2008, Otara was awarded the ‘ Retail Leadership Award’ at the Asia Retail Congress in India.

In 2008, Otara was invited as a leading fashion entrepreneur and anointed ‘ Woman of Saab stance’ by Saab Cars Singapore.

In 2008, she was named as Sri Lankan Ambassador for World Animal Day.

Otara nominated as the ‘ Face of Alankara’ in 2007, a jeweler brand that reflects modern designs for the woman of today.

Ref: (http://www. otara. lk/welcome/achievements)

Investor:-

Investors are the source of risk capital and their concentrations are with the risk inherent in, and return present by, their investments. The organizations in formations help them to determine whether they should buy, hold or sell the shares. Shareholders are also interested in information which allows them to assess the ability of the venture to pay dividends. When are talking about the Odel capital structure, Otara Gunewardene has invest the highest amount of capital around Rs. 80, 833, 100 (it’s about 55% in whole). So she has the authority to control the function of Odel as a CEO.

Connected stakeholders:

Some examples are given below for connected stakeholders,

Supplier:-

Supplier can be a person or an organization who distribute the company raw material or requirement stuffs. The motive of a supplier towards an organization is to supply to the organization where he can work for long time as well as where he can gain maximum profit.

When we take a look on Odel, Odel has selected each and every product in very new trend fashionable way to its customers. As it is The Colombo jewelers is one of vital supplier for Odel. There began an industrial line developed in partnership between Odel and Colombo jewelers store for the fashion forward women. Otara motivated design collections featured fashionable jewelers using a merger of colored gems and diamonds all set in white gold. Otara motivated the design collection featured fashionable jewelers using a merge of colored gems and diamonds in all set in white gold. Akram Cassim, CEO of Colombo Jewelers Stores, mentioned on the thought of build an ‘ Otara’ jewelers collection, “ Otara has been a great source of influence and inspiration to the fashion conscious people in Sri Lanka.

Ref:-(http://www. businesstoday. lk/article. php? article= 2145, http://print. dailymirror. lk/life/132-life/30441)

Competitors :-

The firm in a particular industry produces the similar product or service is known as a competitor to another firm which is in the same industry. The present of the more competitors can reduce the price of product. But the heavy competition is the thing which can lead the market in a healthy path. When we take a look on the Odel, Odel follows the pricing strategy. But there are several firms which are having the same progress as Odel has itself.

Romafour is a good example for the heavy competitor of clothing part of Odel's portfolio.

Romafore is a designer store which offers the best in high fashion revolutionary clothing like Odel. They are following the same pricing marketing strategy which Odel follows. They maintain their way of marketing style which helps to capture the market share in order to be a successful firm in the same industry. So in order to attract the customers from this heavy competition Odel have to implement some new innovative clothing style which does not exist yet to the market.

Share holders:-

Shareholder is a person or an institution who owns the share of an organization. The objective for most organization is to deliver a growth return to shareholders. This is achieved by generating growing profits and realizing them in cash. The cash can then be used for reinvestment in the business, repayment of funding or distribution to shareholders. Typical shareholders have partial authority over in public traded business beyond voting for the Board of Directors. Shareholders who bought great percentages of an organization must have additional regulatory requirements, such as widely reporting the amount of their holdings. Shareholders who are also institution insiders are need to expose the file in public whenever they wish to raise or decrease their holdings.

Every legal application among the 22, 548 received for shares of ODEL at the company's record-setting primary Public Offer is to be allocated shares, with the smallest investors being fulfilled and bigger investors getting allocations in proportion to their own applications, the company has publicized.

Odel has allocate the IPO share of 1. 2million for employees it has a different features in that retail and non retail investor criteria were allocated separately in order to avoid small investors being crowed out by large investors and to encourage wider share ownership.

Ref: (http://www. odel. lk/equitable-share-allotment-in-record-odel-ipo)

External stakeholders:

Where the organization cannot use its influence is called as external environment. The organization's success depends upon how well they adapt to the external environment. A firm's ability to plan and alter its internal variables to get advantage of opportunities produce by the external environment, and its ability to control threats cause by the same environment, determine its success. Followings are some example for the external factors.

Financial public:-

The financial publics frequently referred to synonymously with investor's relationship. The distinction between the two disciplines in practice is a grey area as the two works side by side. From financial public, relationship in its management of the investor base, where new investors must be found to replace those who have realized their investment. Financial publics are concerned with raising awareness and build understanding amongst primarily the City's opinion formers who influence investors and potential investors. These are often to as third party audience. The financial institutions such as banks, leasing companies, financial analysis concern about the organization performance in providing finances the company position to the outside world is hard in financial function. According to the Odel prospector DFCC Vardhana Bank, Hatton National Bank PLC, Hongkong and Shanghai Banking Corporation Limited, Nations Trust Bank PLC, Sampath Bank PLC, Union Bank of Colombo Ltd are the financial sources of the Odel that we can identify.

Government:-

The central and local government performs as a basis of legist ration to form laws and legist rations are forced and pressured by the community or general public to have proper attention for their concerns. They are the people who have the authority to control the organization in order to protect the consumers against the fake product.

Media:-

Media plays a major role in the function of an organization. The relationship between an organization and the media has to be maintaining in a good manner. Usually televisions, newspapers, radio, journals, magazines, articles, internet, editorials are the one way street from the company to customer. Odel has a good relationship with media representatives such as ” The Nation, Sunday Island, Lakbima News, Daily News, Daily Mirror, The Bottom Line, Daily FT, LB News, Sudar Oli, The Island, Business Standard, Business Today, Financial Times, Island Financial, Morning Reader, HHO” in order to have favor for the organization. The purpose of press relationship is not to issue press releases. It is to influence and inform the target audience. While it is largely of a tactical nature in practice, good media relationship can contribute to long term objectives such as:

Improving company or brand image

Higher and better media profile

Changing attitudes of target audients

Increasing market share

Improving relationship with the community

Influencing government policy at local national or international level

Improving communications with investors and their advisers

Improving industrial relations

Scanning the External environment

Analysis of societal Environment

Economic, Social, Cultural, Technological, Political and Legal Factors

Market

Analysis

Community

Analysis

Competitor

Analysis

Supplier

Analysis

Government

Analysis

Interest Group

Analysis

Selection of Strategic Factors

Opportunities

Threats

Figure 2. 1

(Klein & Linneman 1984)

TASK-3

Conduct an environmental audit for ODEL

An environmental audit is helpful to categorize which part of the organization has impact on the environment and to what extent. It also an efficient risk management tool, which allow to make sure how efficiently a business acts in unity with environmental legislation.

The relationship between the organization's micro environments usually involves short term operational decisions, whereas the macro environment involves more long term strategy decisions.

The essential point to note is that the relationships are dynamic, never static. Thus the firm's resources change from day to day as it is wins or loses contracts, employee join level it, new products are designed investments succeed or fail. It is impossible to list a