

# Strategic analysis of bus maker on a different route



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Strategic management is an important part of an organization in regard of preparing and organizing well structured and well managed strategies for running the business. In this way, many aspects are included to identify the impact on strategic management of the firm. Wrightbus is founded in 1946 that is a bus and coach builder firm that works in UK market. It was the family owned business of Mr. Wright his father Robert Wright and his son. There are many factors those impacted the strategic management of the firm. In this, organizational structure, management style and culture are the main points. The firm follows traditional values and cultural principles to run its business. It has a positive impact on the strategic management along with the little bit negative impact.

Wrightbus focuses on the innovation and technological advancement that is a positive point for the firm. So, the firm has many strategic options to develop its strategies like, Porter's five force model, CAGE model, Ansoff matrix, competitor analysis framework and market entry mode to enter in the international market. To consolidate and develop the operations and export activities in the US market, the firm has many options like, SWOT analysis, PESTEL analysis, Critical success factors, Value chain analysis and BCG matrix. These will help the firm to develop its operations in the US market.

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## **Introduction**

In the global era of competition, strategic management plays a profound role in managing the organization in well structured way to attain the sustainable competitive advantage and position. The main purpose of the strategic management in an organization is to analyze and aware the firm and management about the internal and external factors for developing effective and strong marketing strategies (Hitt, Ireland & Hoskisson 2009). Alignment of corporate policies with the strategic priorities in a better way is the main objective of the strategic management. In the report, strategic business environment and their impact on Wrightbus Company are analyzed.

Wrightbus Company is founded in 1946 by Mr. Wright and his father Robert Wright. The firm deals in providing bodies of buses or vehicles. The firm follows traditional values for running its business (Katsioloudes 2006). There will be a discussion about the impact of organizational structure, culture and management style on the strategic management of the firm. Strategic options for developing international business of the firm are also discussed.

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There will be also discussion on the effective strategies to the firm for growing export in US and international market (Brunninge, Nordqvist & Wiklund 2007).

Answer 1

## **Critical Analysis**

Analysis of Organizational Structure, Management Style and Culture

To analyze the impact of organizational structure, management style and culture on the Wrightbus's strategic management, many aspects are included. These are as follow:

Organizational Structure and Corporate Governance:

Organizational structure refers to a framework that involves coordination, supervision and task allocation. In the organizational structure of an organization, power distribution and management of the firm are included that affect the strategic management of an organization (Hitt, Ireland & Hoskisson 2009). Mainly in the organizational structure five steps are included that have great impact on the strategic management of the firm.

These are formalization, centralization, integration, complication and institutionalization. These affect the strategic management of the firm.

Governance signifies to the protection of the interest of shareholders by following governance devices. In this, many aspects like, internal and external stakeholders are included those affect the strategic management of the firm (Katsioloudes 2006). As stated in the case that Wrightbus follows

traditional organizational structure that is not fit according to the present business environment. Along with this, the firm follows employees' welfare programs to protect the interest of its employees (Brunninge, Nordqvist & Wiklund 2007).

The organizational structure and governance of Wrightbus might impact the firm's strategy positively and negatively. If the management will follow modern organizational structure and governance activities for the firm, it might affect positively to strategic management of the firm in terms dividing power and other tasks in the firm according to the interest areas of the employees (Brunninge, Nordqvist & Wiklund 2007). On the other hand, if the firm will not follow effective organizational structure and corporate governance to run its business, it might negatively impact on the firm's strategic management in terms of poor strategic management. It might negatively result in the form of loss or low profit (Katsioloudes 2006).

#### Leadership style and Approach:

Leadership style shows to the way of treating or guiding the employees or subordinates to do better job. Leadership style and approach also affect the strategic management of the firm. As discussed in the case that the firm uses participative leadership style to treat employees and making more effective work to achieve organizational goals (Zastrow & Zastrow 2008). If the firm will follow innovative or creative leadership approach to run its business, it might affect positively to Wrightbus's strategic management in terms of supporting its strategies to attain the goals of the firm. On the other side, if the firm does not follow appropriate leadership style and approach to

treat its employees, it might negatively impact on the firm's strategic management in terms of failure of the strategies (Harrison & St. John 2008).

#### Core Competencies and Source of Competitive Advantage:

Core competencies refer to the position for a firm that is not possible for its competitors to imitate. It shows the collection of skills and technologies of the firm to fulfill the needs and provide benefits to its customers (Hitt, Ireland & Hoskisson 2009). Competitive advantage refers to the position of the firm in the competitive industry. There are many sources to gain competitive advantage like, flexible strategies, resources, capabilities and skills. In the case, it is shown that the firm uses traditional business strategy and after it adopts modern strategy to attain competitive position in the competitive working environment (Drejer 2002).

Core competencies and sources might also affect Wrightbus's strategic management. If the firm will adopt flexible strategies to run its business and distribute tasks in the firm, it might result positively in terms of strong strategic management. If the firm will not adopt or use these aspects in right manner, it might result negatively in terms of poor strategic management and also affect the strategies of the firm (Drejer 2002).

#### Cultural norms and values:

Cultural norms and values indicate to the beliefs, values and ideas of the people or employees in an organization. In the organizational cultural norms, sharing of the information and data are included. In Wrightbus, cultural norms and values might impact on the strategic management. It might

impact positively or negatively to the strategic management of the firm on the basis of cultural environment in the organization (Schuler & Jackson 1999).

In this way, common and shared cultural norms and values might impact positively on the strategic management of Wrightbus through supporting its strategies to attain competitive advantage. At the same time, different and unshared cultural values might harmfully impact on the strategic management through creating conflicts among the employees. So, cultural norms and values might impact both side to the firm's strategic management positively and negatively (Huotari & Iivonen 2004).

Cultural Web analysis Framework:

To understand the effect of cultural impact on organization's strategic management, cultural web analysis model can be used. It will make easy to understand the impact of this factor on the strategic management of Wrightbus (Hartman, Dziuban & Moskal 2007). It can be discussed as follows:

(Source: The Culture Web 2010)

Paradigm: It contains all factors around it those might impact on the strategic management of the firm. These are as follow:

Rituals and Routines: In the cultural web model, first element is the rituals and routines. In the rituals and routine, daily basis of actions and behavior of the people are included that indicates to the accepted behavior. It indicates to the expected behavior of the employees in the organizational situation and along with this, the expected behavior by the management of the firm  
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(Elliott, Swartz & Herbane 2002). As stated in the case, the workers of Wrightbus make the vehicles partly by hand that is included in the rituals and routines of Wrightbus. It might affect the strategic management of the firm in the case of changing day to day behavior of the employees in terms of implementing strict strategies in the firm (Thomas 2005).

**Stories:** Stories can be anything like past event that is organized by the firm and that being the reason to talk about that by insiders or outsiders of the firm. In this, working environment and attitude of the management towards the employees are considered by the management that being the reason to be stories for the firm. In the case, many aspects are being the cause to be stories like, caring nature of the management of Wrightbus towards its employees (Haynes 2002). Along with this, Wrightbus is known as a “ buckle on the Bible belt”. It also indicates to the stories about Wrightbus among its customers. In this, values and beliefs of the customers are affected by the stories of Wrightbus. It might impact the strategic management of the firm positively and negatively by impacting its customers and employees (Hartman, Dziuban & Moskal 2007).

**Symbols:** Symbols is the third element of cultural web model. It indicates to the visual attraction point of the firm in terms of company’s representation way, logos and dressing sense or codes. As discussed in the case that Wrightbus has great symbols in terms of having church ground and employee welfare officer that are its effective symbols. It might affect the strategic management of the firm by affecting cultural norms of the customers and employees (Haynes 2002).



**Power Structures:** Power structure is associated with the authority of the firm in manner of distributing power among the employees of the firm. In this, decisions of the management influence the strategies and operations of the firm. In Wrightbus Company, Mr. Wright and some selected employees have authority to take decisions (Elliott, Swartz & Herbane 2002). Power structure might influence positively and negatively on the strategic management of the firm.

**Organizational Structure:** Organizational structure illustrates the distribution of the power along with the relationship status and recognition of the valuable contribution of the employees in the success of the firm. In Wrightbus, decision making power is not centralized and involves all employees' to suggest their overview on any decision (Thomas 2005). It might impact optimistically and harmfully on the strategic management of the firm as opposed by the employees of the firm.

**Control System:** Control system is associated with the monitoring management of the firm in the form of financial system, rewards and recognition of the employees. As stated in the case that son of Mr. Wright gave his contribution in the green pastures and donation that indicates its effective control system. It has a positive impact on the employee's as well as customer's mind (Elliott, Swartz & Herbane 2002). In accepting or rejecting these, it might impact on strategic management of Wrightbus.

**McKinsey 7S Framework:**

To analyze the impact on the strategic management of the firm, McKinsey 7S Framework can be used. In this, hard and soft elements are included. These are as follow:

(Source: Joseph/mohapatra 2009)

**Strategy:** Continues improvement and technological development are important aspects of Wrightbus's strategy. In this way, the firm focuses on innovation in producing new buses. Through adopting and applying modernization and changing environment, the firm may produce advanced technical buses and implements modern strategy (Burtonshaw-Gunn 2009).

**Structure:** According to the case, from 1946, Wrightbus is a family owned business (Joseph/mohapatra 2009). Structure of Wrightbus is related with the authority and establishment of the firm.

**System:** In the system of the firm, internal flow of the information is recognized. In Wrightbus Company, information related to any issues or any process that contribute their support in the strategic management flow by meetings and other informative tools. Decentralizations system of Wrightbus is included in this (Cacioppe & Edwards 2005).

**Style:** Style is related with the way of influencing the employees of the firm by providing guidance or other way. As discussed in the case that Mr. Wright and Mark Nodder used to organize meetings to address the staff about any decisions of the firm (Joseph/mohapatra 2009). So, change in the style might also impact on the firm's strategic management.

Staff: In Wrightbus Company, employees are employed according to the strategies of the firm. As stated that Mr. Nodder said in the meeting that 235 employees might have to go from the organization. This change in number of staff might also influence the strategic management (Cacioppe & Edwards 2005).

Skills: The important and effective skills of the firm are its decision making power and its innovation strategy. According to the innovation strategy, the firm produced many hybrid and advanced technological vehicles that was fit into its strategies (Burtonshaw-Gunn 2009). So, deviation in skills might also influence the strategic intents of the firm.

Shared Value: Shared values of Wrightbus are very effective and efficient in order to make effective image in the employees' and customers' mind. Having church ground and environmental initiative programs indicate to the shared value of the firm according to its strategies (Cacioppe & Edwards 2005). So, shared value might also influence corporate image of the firm in a positive manner.

Answer 2

## **Strategic Option**

To find out the strategic option for Wrightbus, different factors should be analyzed by the management to develop effective strategies for entering in the international market. These options are as follow:

Porter's Five Force Model:

To enter in the international market, it is imperative for Wrightbus to identify the attractiveness of the particular industry. For this, porter's five force model can be used. The points are as follow:

(Source: Carpenter, Bauer & Erdogan 2010)

**Threat of new Entrants:** Threat of new entrants depends on the entry barriers available for the particular industry. If the entry barriers are high, threat of new entry barriers are low. On the other side, if entry barriers are low, threat of new entrants are high. It affects the industry attractiveness (Henry 2008). In this industry, due to high competition, threat of new entrants is low, so it indicates to the attractiveness for Wrightbus Company to develop or expand its market.

**to Threat of Substitute Product:** Threat of substitute can be related with the alternative products. Due high innovative and technological products, threat of substitute products can be increased for Wrightbus. In this, many factors can be the cause of switching by the customers like, price, high technological and aesthetic look of the buses and coaches (Ahlstrom & Bruton 2009). So, by producing innovative and hybrid buses, the firm can increase its customer base.

**Rivalry among Existing Firms:** Rivalry among the existing firm is high in this industry due to presence of many competitors. In this industry, many firms work as Wrightbus, Alexander Dennis and other competitors in the UK (Henry 2008). It is threat to the firm.

**Bargaining Power of Buyers:** Bargaining power of the buyers is low in the industry. It is an attractive point for Wrightbus. At the same point, transport authorities are the main buyers of the firm (Ahlstrom & Bruton 2009).

**Bargaining Power of Suppliers:** In the industry, bargaining power of supplier is high as compared to buyers due to presence of many companies. It is an unattractive point of the industry (Henry 2008).

So, this can be used by the firm as a strategic option to develop the effective strategies for the business and to identify the market attractiveness for the particular industry.

**CAGE framework Analysis:**

In the CAGE framework, many factors are included those are important for the firm to analyze, to develop effective and strong strategies for internationalization (Hjort-Madsen 2007). These are as follow:

**Cultural Differences:** It indicates to the beliefs, values and attitude of customers those differ from country to country. It may affect the strategies and products of Wrightbus Company in terms of accepting or rejecting the firm's product (Ghemawat 2007).

**Administrative:** It indicates to different working and political environment in different countries. Wrightbus should analyze the working environment before entering in any market (O'Shea 2007).

**Geographic:** In this, distance among the countries is included that is an important part of the firm's strategy. Wrightbus needs to analyze the

geographic distance to save the money from shipping and delivering cost and to make effective strategy for internationalization (Hjort-Madsen 2007).

**Economic Differences:** In the economic condition of particular country is included. Wrightbus requires identifying the economic condition of the particular country before entry in international market. It may affect the selling of the products of Wrightbus in terms of disposable income of the customers (Ghemawat 2007).

**Competitor Retaliation Framework:**

Competitor retaliation framework is used by the firms to increase the rigorous competition for the close rivals by taking relevant close actions. According to the framework, Wrightbus needs to examine the actions of its close rivals and take appropriate actions for effective internationalization (Beamish & Ashford 2006). It will help the firm to adopt effectively for successfully running its business in the international market. In this, the firm should introduce hybrid and high technological vehicles to attract the international customers (Combe & Botschen 2004).

**Market Mode Entry Strategies:**

To enter in the international market, Wrightbus can use different methods. These methods are as follow:

**Export:** The firm can enter in the international market through exporting its vehicles in the foreign countries. In the market, where the demand of the product is high; the firm can enter in that market through exporting its products (Gitman & McDaniel 2008).

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Joint Venture: Joint venture is another strategic option or way to enter in the international market. It is more important option for the firm in terms of minimizing the risk of investment in the foreign market. By using this option, chances of profitability and success will be increased (Onkvisit & Shaw 2004).

Direct Foreign Investment: Wrightbus can enter in the international market by investing its money directly in the foreign market. The negative point or aspect of this option is that the risk is increased. On the other side, whole profit will be owned by the firm itself that is the positive factor of this option (Gitman & McDaniel 2008).

Ansoff Matrix:

(Source: Luck 2008)

By using Ansoff Matrix, strategic direction for Wrightbus can be analyzed to enter in the international market. Wrightbus focused on the innovation to produce its products in the local market (Luck 2008). To enter in the international market, the firm should focus on the diversification strategy to enter in the new market (Johnson, Scholes & Whittington 2009). Through producing hybrid and high technological vehicles those consume less fuel, the firm can enter effectively in the international market. According to the Ansoff Matrix, diversification strategy will be better for the firm (Groucutt 2008).

On the basis of above discussion, it can be stated that there are many strategic options for Wrightbus to enter in the international market. By

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adopting these options and actions, the firm can establish successfully itself in the global marketplace.

Answer 3

## **Consolidating and Developing Activities**

In order to give effective and efficient recommendation for consolidating and developing activities for Wrightbus in the Northern Ireland and United State market, various characteristics are included. In this, macro and micro environmental analysis and competitor's analysis will be included.

Part A

## **Consolidating Activities in the UK market**

For consolidating existing business of Wrightbus in Northern Ireland, different aspects will be included. These are as follow:

PESTLE Analysis:

From organizing the PESTLE analysis, industrial environment can be identified in Northern Ireland. It will support Wrightbus to consolidate its existing business. Included factors are as follow:

Political: In the UK, constitutional monarchy and Commonwealth realm type of government is functioning. Through following this law, the firm can consolidate its business in Northern Ireland or in the UK market (The World Fact Book 2010).



Economical: In the UK, per capita income is high that indicates to the positive growth of the firm. Through providing products according to the customer's purchasing power, Wrightbus can consolidate its existing business in the UK market (Capdevielle, Li & Nogal 2007).

Social: In the UK social infrastructure, people like to travel by buses, trains and tubes. So, there is an opportunity for Wrightbus for consolidating its business with transportation firms in the UK market (The World Fact Book 2010).

Technological: UK automotive market is most advanced and highly technical. Through producing advanced technological buses and other vehicles, Wrightbus can consolidate its existing business in Northern Ireland and all in the UK market (Capdevielle, Li & Nogal 2007).

Environment: In the UK, there are many strict rules and pressure on the firms for protecting environment, while producing the products. Through reducing carbon and other wastage, the firm can increase chances of the success of its existing business in the UK market (The World Fact Book 2010).

Legal: Legal environment is strict in terms of policies and rules related to buying cars or other personal vehicles. So, the locals prefer to travel in the buses and trains. It is a positive sign for Wrightbus to consolidate its existing business in the UK market (Capdevielle, Li & Nogal 2007).

Value Chain/Network analysis:

By adopting value chain analysis, wrightbus can strengthen its existing

business in the UK market. In this way, the firm can add more values in its <https://assignbuster.com/strategic-analysis-of-bus-maker-on-a-different-route/>

products as less consuming fuel parts with more effective aesthetic look, etc (Allee 2008). In this, management of the firm as human resource management, marketing research, inbound & outbound logistic, technology and development play a fundamental role to manage the value chain of the products in or outside the firm. It will help the firm to increase success of its existing business in the UK market (Schmitz 2005).

Growth Share (BCG) matrix:

(Source: BOSTON CONSULTING GROUP (BCG) GROWTH-SHARE MATRIX 2009)

Through adopting BCG matrix, Wrightbus can consolidate its existing business and increase its market share and market growth in the UK market. In this matrix, by using cash in effective manner for generating high market share, the firm can enhance the chances of growth of the business in the UK market. It will be useful for the firm in the way of getting star position according to the BCG matrix. It will also assist the firm to strengthen its existing business in the UK market through increasing market share and market growth (Boston Consulting Group Growth-Share Matrix 2009).

SWOT Analysis:

(Source: The SWOT Analysis 2010)

By analyzing the strength, weakness, opportunity and threat, Wrightbus can choose and adopt right criteria for consolidating its existing business in the UK market (Bohm 2009). The firm should enhance its strength and address the opportunity in the UK market for consolidating its business in the UK market. Innovation and technological development is the strength of the <https://assignbuster.com/strategic-analysis-of-bus-maker-on-a-different-route/>

firm. So, the firm should increase its strength. Following traditional culture to manage the firm is one of the major weaknesses of the firm. So, the firm should minimize its weakness to run the business successfully (Pahl & Richter 2009).

Expansion of the business is an opportunity for the firm in international market. So, the firm should address and catch this opportunity to consolidate its existing business in the UK market. Competition is a threat for the firm, so, Wrightbus should develop its strategies according to the competitor's analysis (Bohm 2009).

Part B

## **Develop Operation Activities in United State**

To develop and enhance the export activities and operations of Wrightbus in the US market, various features are included. These will help the firm to develop its operations and increase market share of the firm in the US market. These are as follow:

PESTEL Analysis of US market:

In the PESTEL analysis, the firm should identify the environment of the particular country. It will help the firm to adopt and follow appropriate strategies according to the market. These are as follow:

Political: The firm should analyze the US market before entering in the market of US. U. S is a demographic country that allows the Constitution-based federal republic type of government for functioning in well manner. In

the U. S, capitalistic approach is followed by the firms for running the business. In the U. S market, most of the decisions related to the business are taken by the business honors for running their business (Capdevielle, Li & Nogal 2007). So, the firm should follow this approach for developing the business and operations in the U. S market. By adopting or following English common law, Wrightbus can enhance the export and operational activities in the U. S market (The World Fact Book 2010).

Economical: United State is one of the powerful economies in the world. In the U. S, per capita income of individual is high. It is a positive sign for Wrightbus Company to start the business and develop its operations in the U. S market to expand its business in the international market. Percentage of people who leave below poverty line is also low in the U. S. So, the firm should develop its strategies according to the economical environment of the U. S market (Burkardt 2010).

Social: United State is a third largest country in the population. In the U. S market, customers prefer branded services and products for buying or availing. Quality is more concern rather than price in the U. S market. So, the firm should provide its products according to the customer's preferences and tastes. It will help Wrightbus to develop its export activities and operations in the US market (The World Fact Book 2010).

Technological: United State is advanced technological country. In the U. S market, mostly people like to travel in the hybrid and most advanced technological buses, trains and other vehicles. So, the firm should produce hybrid and highly technological buses to attract the customers. It will help

the firm to enhance the export activities and operations in the US market (Capdevielle, Li & Nogal 2007).

Environment: In the U. S, there are many rules and policies formulated by the government to protect the environment. So, the firm should adopt many strategies for attracting customers as environmental friendly approach. It will help the firm to establish successfully itself in the U. S market (Burkardt 2010).

Legal: In the U. S, English common law is focused by the government to run the business in the U. S market. So, the firm should identify all legal requirements in the form of rules and policies before starting business in the U. S market. It will support Wrightbus Company to adopt effective strategies, to increase export activities and operations in the U. S market (The World Fact Book 2010).

So, the firm should analyze the macro environment of the U. S market and adopt marketing strategies according to the current trends and governmental policies in the U. S market. It will help Wrightbus to successfully establish itself and increasing export activities and operations in the U. S market in the well structured form.

Critical Success Factors:

(Source: Culture of Accountability n. d.)

The firm should increase knowledge management by using critical success factors model. It will assist the firm to identify those areas that are needed to

more improvement. In this, many factors or indicators will be included. These factors are as follow:

**Leadership Factor:** Wrightbus should hire the capable leader that can hold the whole responsibility in an effective manner. Leader should take appropriate decisions to run the business in the U. S market (Bluckert 2005).

**Cultural Factor:** Management of Wrightbus should focus on the cultural factor to adopt appropriate strategies to develop the operations in the U. S market through increasing sales and export activities. In this, the firm should produce its products according to the cultural beliefs and values. It will support the management of the firm in the U. S market in terms of increasing operations (Patrick, Rourke & Phillips 2007).

**Management Factors:** Management factors indicate to the human resource and other technical support those are important for organizing effectively to run the business in the U. S market. The firm should manage its operations and other ways to increase export activities and operations in the U. S market (Bluckert 2005).

**Relationship with Stakeholders:** To increase export activities and operations in the U. S market, the firm should maintain its relationship with internal and external stakeholders in an effective way. It will enlarge the global image of the firm in the USA market (Patrick, Rourke & Phillips 2007).

On the basis of above discussion, it is stated that by using critical analysis factor model, Wrightbus can identify best suitable conditions and strategies

for enhancing export activities and operations in the U. S market (Bluckert 2005).

## **Conclusion**

From the above discussion, it is inferred that strategic management plays a crucial role in the success and failure of the firm in the local and international market. As discussed that many factors like, organizational structure, culture and management style of the firms have a great impact on the strategic management of the firm in positive and negative manner. It depends on the way of adopting these factors. Many aspects support the firm to adopt appropriate strategies according to the business environment in the particular country.