

Business statistics

Business



Introduction

The topic is to critically assess using available statistics the success of strategic management at google. com. The ability to create quality strategy forms the basis of every organizational success. Strategic creation and implementation shapes management and corporate successes with effectively formulated strategies being the essence of organizational profitability. Although scholars agree that the right strategy is not all what is needed for success (implementation is also important), it is nonetheless imperative, and forms the foundation of effective management process. Strategy must therefore be well understood by every stakeholder in an organization since in most cases; an organization operates and is aligned around its strategies.

Classified as one of the five most popular sites in the internet, Google. com was visited by a unique user base of over 380 million visitors in May 2008. The company was started simply as a research project by two Stanford graduate students Sergey Brin and Lawrence Page in 1996. The two sought to develop a search engine that produced better display for search results. The domain name, Google. com, was registered in 1997 and Google Inc. incorporated on September, 1998, as the world's leading search engine and one of the fastest and largest growing technological companies in the world, furthermore it faces massive competition from companies such as YAHOO and MSN hence an analysis of how it formulates its strategies would offer further insights on what market is successful (Battelle, 2005).

Statement of the Problem.

With the complexity of the global search industry, an in-depth study of Google. com Company's formulation process offers a conclusive understanding of the organizational strategic management. This paper critically assesses the strategy creation process and the success of such strategy at google. com due to its multifaceted approach of wide ranging theoretical prescriptions.

Significance of the Study

Proper analysis of the Google's strategy creation offers by extension important insights on the denominators and underlying dynamics behind the contemporary global IT industry. Starting with a company summary, this paper critically assesses the strategic creation process for Google. com. The information can be used by both new and existing businesses to gain a competitive advantage over their competitors.

Literature Review

Since it was started, Google. com implements strategic planning as a deliberate process in which with the involvement of a wide range of stakeholders, top executives periodically formulate the firm's strategy. Its strategic planning process is guided by its mission that in turn prescribes its objectives. Based on the objectives, the existing situation is analyzed leading to the strategy formulation, Battelle, (2005, p. 162). Based on a field review of its strategic creation process using Mintzberg's Ten Schools of Thought, the configuration school, the only one classified under the integrative category, best describes its strategic creation process for Google. com. This

is because the company's strategy formation process over the years has been a transformative one (Johnson, Scholes & Whittington, 2008).

Situational analysis also forms a critical foundation of Google. com's organizational strategy. The Environmental school is observable in this situation as Google has over the years implemented a cross-section of its strategies in reaction to prevailing environmental conditions. Google analyzes its external and internal environments thereby describing its strengths, weaknesses in addition to existing opportunities and threats. It is through the situational analysis that large amounts of information on the company are gathered and which forms the basis of strategy formulation. It is based on the formulated strategies that the implementation process occurs (Mintzberg, Ahlstarnd & Lampel, 1998)

Research by Kostrzewa, (2003, pp. 62) indicates that a closer analysis of Google strategy creation process was in line with Mintzberg's second category or the process oriented schools. The school with the most evident correlation with Google's strategy was the cognitive school. Google's strategy is formulated around the basic strategic concept of quality, customer satisfaction and growth and has over the years served to organize the framework for the management system of the company.

It has further integrated performance management system which is considerably important in the alignment of its operation around its strategy. These systems have been designed during strategy design processes in attempt to promote Google's products as unique.

Methodology

The study employed a descriptive research design using the survey design. Descriptive research design allows the researcher to study relationship (Mintzberg, Ahlstarnd, & Lampel, 1998). The study was conducted in Google through use of secondary data or quantitative information such as the electronic materials, books, articles and magazines. According to (Kaplan & David, 2001), descriptive statistics establish factors associated with certain outcomes. Inductive and deductive reasoning was used to analyze the data and then presented by tables, percentage and paragraphs.

Data presentation

Table 1 (appendix) represent the financial analysis of google. com. Estimates show that Google's net income grew from \$100 million in 2002 to \$ 3. 077 billion in 2005. Its cost of goods sold was generally constant being maintained at approximately 40% of sales. On common base analysis, Google had a 2, 412% increase in sales in the five year period between 2002 and 2006 with a net income increment of over 3, 088% within the same period, Battelle, (2006, p. 99) (Lohr, 2007).

On the basis of ratio analysis, Google's sales increased from 1. 2 in 2002 to 29. 05 in 2006. Over the past five years, Google has had more money at hand than they know what to do with; an attribute that has been seen on it's rather many strategic acquisitions. Furthermore, Google's profit margin fluctuated between 2002 and 2003 but increased steadily to an estimated 60. 2% in 2006, an aspect attributable to its effective strategy formulation process, (Johnson, Scholes, Whittington, (2008, p. 4).

Google earned an estimated \$3.64 billion from the United States online ad revenue, an estimated 69% of all paid search related advertising. Its market cap has overtaken that of IBM and even Chevron with an estimated value of \$132 billion. It has a surplus of over \$7.6 billion all of which are lacking any defined usage, has its stock being predicted to reach \$600 billion by the end of this year (2008) and is one of the top 10 web brands in the United States (Moran & Hunt, 2006)

Table 2 represent the market share of various company competing with google. com Comparing Microsoft to Google, Microsoft offers search and other few online services similar to those offered by Google though its main line of business is the design and sale of software and operating systems. Competition comes into focus due to the recent launch of Google Docs & Spreadsheets and Google Gears, presentation software that challenges the dominance of Microsoft Windows.

In terms of Sales, Products and Geographical distribution, Google accounts for over 50% (Estimated 58.4%) to be exact of market share in nearly all its products (Google, 2008). By market share Google beats its competitors by far. With the stated estimated market share of 50%, Yahoo, Microsoft, Ask.com and AOL each have an estimated market share of 28.5%, 10%, 5%, and 4% respectively (Khaki-Sedigh, & Roudaki, 2003).

Findings

The above summary is an indication of a successful company. Its success of which is attributed to its management, wide line of product, market domination, favorable financial position, favorable business strategy, strong

competitive advantage, excellent organizational control and innovative research and development strategies. How such a company formulates its strategies, in relation to the existing theoretical framework is a matter of natural interpretation.

This effective strategy formulation process has resulted in considerable cash surplus resulting from balances in short and long term investments. Google has neither short nor long term debt though the IPO offered an increase in capital surplus in 2004. With the continued rise in its share prices, Google's capital surplus has continued to rise over the years furthermore being a service oriented company, Google has no looming inventory

Although individual approaches can be identified in Google's strategy creation processes, a rather integrative approach, combining several approaches has been Google key success secrets as it has managed to constantly transform it by subscribing to ideal strategic and timely changes. The Company has made efforts to acquire competitors in bid to remain competitive in the global IT market. An example is the 2007 acquisition of Double Click, an advertising competitor for a record \$3. 1 billion.

It also acquired Tonic Systems which enabled it to acquire the capacity to convert Microsoft Power Point files into html and PDF documents. This boosted its competition with Microsoft which had gained a considerable market base based on its Microsoft Office product. Furthermore this integrative and constantly changing approach can be viewed in Google ability to offer a wide range of products a reflection of its technologically sound and alert team of innovators. Continuous intensive research is

undertaken in the Google laboratories, online text locations or in the Google.com website itself. Products are generally of high quality and utility.

As a result of its advanced strategy formulation process, its better display of search results, the simple approach that was incorporated in the searching process, Google has grown in popularity and acceptance the world over. Presently, the company employees are in excess of 10,000 people from all the continents of the world (Brin & Page, 1996). It is the largest company offering Search related advertising yet Search Related advertisement are the fastest growing of all the online ad businesses with an estimated annual growth rate at 41% (Pringle, Allison & Dowe, 1998, p. 378)

Conclusively, although execution is more important, good vision evident in the creation of effective strategies are the primary essentials to management success. Strategy should be understood and interpreted in terms that are understandable and that can be acted upon. If strategic management in the company will remain focused, then Google will surely continue to dominate the market for certain undefined periods of time. Definitely, strategic management is great success in Google Inc. and has managed to transform the company into a role model in technological businesses.

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