Strategic Plan Part II: SWOTT Analysis

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External and Internal Environmental Analysis and SWOTT Analysis

 The purpose of this paper is to conduct an external and internal environmental analysis for the proposed division and its business model as well as develop a SWOTT analysis for the same division. In this regard, the proposed new product is an affordable smartphone that comes along with the best features in the mobile phone industry. The smartphone is targeted at the middle and low class of the economy through its affordable price. The business model to be used in this case is the cheap chic model. The model is concerned with the marketing of stylish products which are inexpensive. This will enable the consumers to feel that they have the value of their money.

**External Environmental Analysis of the Mobile Phone Industry**

**Industry Changes**

The latest advancements in technology have resulted in more innovative smartphone devices that serve various functionalities. As such the smartphone industry is producing smartphone devices with various capabilities.

**Legal and Regulatory**

The legal and regulatory frameworks in various countries worldwide call for 100% compliance in terms of design and materials used to make smartphone devices. Thus, an organization needs to perform a comprehensive analysis of the legal and regulatory framework of the target consumers’ country.

**Global**

The currently increased globalized business environment requires that companies should use culturally competent global managers and sales/marketing executives with thorough insight into the target consumers’ needs and preferences.

**Economic**

 In the mobile phone industry, the company must take into consideration the inflation rate while pricing its new smartphone devices. Other economic factors that have a great influence on the consumers’ buying behavior include taxes and interest rates.

**Technological**

Smartphones are becoming increasingly sophisticated and are becoming more than just communication tools. As such, there is a need to integrate additional features in the proposed new smartphone including Wi-Fi technology, Bluetooth, cameras, audio and video players, and internal storage memory. In addition, the smartphone’s processing speed and ability to access 4G Internet are also other technological factors to put into consideration. The human-computer interface (HCI) is also critical in determining the ease of use and navigation while using mobile phone devices.

**Innovation**

There are various innovative smartphone devices which are more compact and light in weight.

**Social**

 Some of the social factors that influence the smartphone users’ purchase intentions include the external environment’s cultural and demographic aspects. Specifically, the consumer’s beliefs and habits come in handy when it comes to purchasing new smartphones. The target population’s age group is also a critical social factor in the sense that smartphones are more popular among teenagers and young adults than other age groups to their increased tendency to use the various social networking sites.

**Environmental**

 Smartphone users have become increasingly conscious towards environmental issues relating to the use and disposal of smartphone devices and their accessories such as lithium-ion batteries.

**Competitive Analysis**

Per Pulaj and Kume (2013), competitive analysis entails analyzing and getting insight into an organization’s indirect and direct competitors in a particular target market, service or product category. There are various companies in the smartphone industry that produce similar products including Apple Inc., Nokia, and Samsung. However, the main weakness of these companies is that their smartphone devices are often costly to the middle- and low-class population. According to Czepiel and Kerin (2010), the strongest competitive marketing strategies are the ones that either “positions a firm’s strengths against competitor’s weaknesses or chose positions that pose no threat to competitors” (p. 1).

**Internal Analysis**

**Strategy**

The proposed division and business model will employ cost leadership strategy to make the new smartphone affordable to the low- and middle-income populations. In this regard, the company will adopt low cost in relation to its key rivals by adopting tight overhead and cost control as well as using more efficient operation techniques.

**Structures**

The company’s internal structure will facilitate the accomplishment of its goals more efficiently and effectively.

**Processes and Systems**

The proposed affordable smartphone will be produced using low-cost but efficient processes and systems.

**Resources**

The company will ensure that it has deployed sufficient human resources to accomplish its strategic goals and objectives. The company will also devote special resources to for highly specialized purposes aimed at adding value to the new proposed smartphone.

**Goals**

 The proposed division and business model’s goals is to produce affordable smartphone devices using low-cost production techniques and to empower smartphone users through creative and innovative technology.

**Strategic Capabilities**

The company’s strategic capabilities include its ability to use cheap chic business model and its ability to effectively differentiate its products from those of its competitors.

**Culture**

The new affordable will be realized through a positive organizational culture that is grounded on strong core values including integrity, transparency, professionalism, integrity and respect.

**Technologies**

The company will adopt the latest energy-efficient production technologies to cut down on its production costs to make the smartphone more affordable.

**Innovations**

The proposed affordable smartphone will be improved through continuous innovations based on the users’ feedback and suggestions.

**Intellectual Property**

To prevent infringement into the intellectual property rights relating to the new smartphone, the company will patent the technology used to produce them for a period of ten year and renew the patent accordingly.

**Leadership**

The company’s transformational leadership will play a key role in terms of influencing, inspiring and motivating employees towards achieving its mission and vision.

**SWOTT Analysis Table**

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| --- | --- | --- | --- | --- | --- |
| **Internals Factor** | **Strength** | **Weakness** | **Opportunity** | **Threat** | **Trend** |
| Legal and Regulatory | A comprehensive understanding of the legal and regulatory framework of the target customers’ country | Inability to rapidly adapt to the changing rules and regulations | Create a team that quickly patent innovative technologies to avoid lawsuits | New regulation may drive the new smartphone out of the market | Regulations keep on changing |
| Technological | Highly-qualified software developers and IT experts | Lack of experience in smartphone devices compared to other established companies | Use latest energy-efficient technologies to lower production costs | Possibility of entry of startups with superior technologies | Users are shifting from the use of personal computers (PCs) to mobile digital devices |
| Economic | A growing middle-class population will increase the client base for the device | The target populations may use the disposable incomes on other established brands | Leverage emerging economies’ markets for maximum profitability  | Uncertainty in the levels of inflation rates in the target markets | Most countries’ economic condition is on the path of recovery from the global economic recession |
| Industry Changes | Ability to produce smartphone devices with multiple functionalities | Inability to produce other latest mobile digital devices | Mobile phone users may prefer expensive smart phones as a sign of status and prestige | The latest changes have resulted in more superior smartphones capable of monitoring the user’s health  | Smartphone users have become increasingly health-conscious and hence thus increasing usage of wearable deices  |
| Competitive Analysis | Ability to offer smartphones at lower prices relative to the competitors | Competitors have superior technologies to produce smartphone devices | Use of customer feedback to continuously produce innovative smartphone | Possibility of new entrants with low-priced mobile devices | Companies are increasingly using low-cost production techniques to produce affordable mobile devices |
| **External Factor** | **Strength** | **Weakness** | **Opportunity** | **Threat** | **Trend** |
| Strategy | The use of cost leadership strategy to minimize operational and production costs | Cost leadership strategy may compromise the quality of the smartphone | Take advantage of cheap labor in the emerging economies | Other companies using cost leadership strategy | Production of low-cost but high quality mobile devices |
| Structures | Strong organizational culture based on strong core values such as integrity, transparency, professionalism, integrity and respect.  | Lack of penalties to deter breaching of the organizational rules and regulations | Benchmarking on best practices in the mobile phone industry | Possibility of other companies imitating the organizational structure | Trend toward adopting positive organizational culture |
| Resources | Sufficient human resources and devote special resources to for highly specialized purposes | Inadequate financial resources to provide the much-needed employee training and development programs | Competitive remuneration to attract highly talented employees  | Possibility of employee turnover to better-paying companies | Companies are increasingly using performance-based appraisal systems to reward employees |
| Processes and Systems | Adequate low-cost but efficient processes and systems.  | Poor quality production processes and systems. | Take advantage of latest production processes and systems | Innovative production processes and systems may necessitate the replacement of the existing ones and this could be costly to the organization | Continued innovation to improve production processes and systems |
| Goals  | Well-developed strategic goals | Inability to achieve goals due to uncertainty in the market environment  | Create a team to measure the success of the goals and provide the necessary recommendations | Occurrence of natural or man-made disaster may hinder business operations and hence the achievement of the goals | Formulation of SMART goals |
| Strategic Capabilities | The use of use cheap chic business model and effective differentiation of smartphone devices | The business model is already being used by other companies in the industry | Continuous research and development (R&D) to effectively differentiate products from the competitors’ | Imitations from other companies in the industry | Increased investment in R&D activities to ensure product differentiation |
| Technologies | Adoption of the latest energy-efficient production technologies to cut down on its production costs | Inability to respond rapidly to the changing technologies | Develop an IT team to respond quickly to the changing technologies | Companies in the industry with superior production technologies | Rapid adoption of to the latest innovative technologies  |
| Innovations | Continuous innovation based on customer feedback | Low employee morale due to poor remunerations may compromise innovative efforts | Develop a talent development team to nurture innovative ideas from employees | Possibility of employee mobility to other companies with strong financial capabilities  | Competitive remunerations to encourage innovations  |
| Intellectual Property (IP) | A 10-year patent of intellectual property rights which is renewable accordingly | The IP rights may not be renewable after a 10-year period | A comprehensive assessment of rules and regulations regarding IP rights | Adoption of other company’s software technologies may result in lawsuits | Patenting of any innovative ideas before other companies imitates it  |
| Leadership | Effective and efficient transformational leadership | Inability of transformational leadership to adapt to changing situations  | Integrate different leadership styles including situational, transformational and transactional  | New companies with global leaders who are culturally competent | Development of global leaders with cultural competency |

**Analysis of the Relevant Forces and Trends**

**Economic, Legal, and Regulatory Forces and Trends**

As aforementioned, the legal and regulatory frameworks in various countries worldwide call for 100% compliance in terms of design and materials used to make smartphone devices. Thus, an organization needs to perform a comprehensive analysis of the legal and regulatory framework of the target consumers’ country. Nevertheless, the changing rules and regulation regarding the production and use of mobile devices may result in an organization’s loss of market share. They may also increase overhead costs in an organization’s attempt to comply with new regulatory requirements. Thus, there is a need for a comprehensive understanding of the legal and regulatory framework of the target customers’ country.

 Economically, most countries are have recovered while others are recovering from the recent global economic recession. In addition, the current trend of increasing middle-class population in the global countries will increase the client base for the new smartphone device. However, it is imperative for the company to take into consideration various economic factors in the target consumers’ countries including taxes, interest rates, and interest rates. Companies are increasing using these economic factors as a basis for setting prices for their products. Failure to take these factors into consideration in product pricing may result in losses and even the collapse of the whole project.

**How Well the Organization Adapts to Changes**

 The organization is well-prepared to adapt to the possible changes in the market environment. With regard to the changes in the legal and regulatory framework, the company has developed a team that quickly patent innovative technologies to avoid lawsuits. It also has a strong team of highly-qualified software developers and IT experts to respond quickly to the possible technological changes. The team often analyzes and recommends the most appropriate technological solutions that are consistent with the company’s mission and vision.

 Moreover, the company is also capable of producing smartphone devices with multiple functionalities to cater for the increasing preference of multipurpose mobile phone devices. The company also uses the cheap chic business model to produce smartphones that appeal to the users’ need for inexpensive yet high quality mobile phone devices. The cost leadership strategy augments this model. In addition, the company’s positive organizational culture that is grounded on strong core values including integrity, transparency, professionalism, integrity and respect. Finally, it utilized transformational leadership style which plays a key role in terms of influencing, inspiring and motivating employees towards achieving its mission and vision.

**The Supply Chain of the New Division**

A supply chain is defined as the network involving all the activities, individuals, technologies, and organizations involved in the development and sale of a given product or service (Sweeney, 2011). This network plays a key role in all the product’s life cycle stages, from the supply of raw materials to the time the product reaches the final consumer. Simply chain management encompasses the management and planning of all the processes “involved in sourcing and procurement, conversion, and all Logistic Management activities (Naslund & Williamson, 2010, p. 13). Effective supply chain management is critical in reducing operational and production cost while ensuring the success of the project. Supply chain management refers to the oversight of finances, information, and materials in the entire supply chain.

 The production processes and systems will involve energy-efficient technologies to cut down on production costs. To minimize transportation costs, the raw material will be sourced from locally available suppliers. The finished products will also be transported using energy-efficient vehicles in order to minimize transportation costs. Similarly, the proposed new division will employ just-in-time (JIT) model to minimize costs related to keeping inventory.

**The Primary Internal Organization Considerations for the Development of a Strategic Plan**

 There are various factors to be considered while developing a strategic plan. A strategic plan is defined as a set of strategies that are developed by an organization’s executive management aimed at achieving certain strategic goals and objectives. It maps out an organization’s desired direction. One of the factors to consider is an organization’s structure and culture. The culture and structure of the company determines its ability to thrive and adapt under dynamic market environmental conditions. The other factor is the workforce issues. It is important to consider the workforce’s weaknesses and strengths while formulating the strategic plan. Moreover, the company needs to consider its key competitive advantages to leverage them in such a way as to accomplish its strategic goals. Finally, financial considerations are critical as they enhance proper allocation of resources and completion of within budget projects.

References

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