Strategic Plan DevelopmentTools

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Using the SWOT analysis and Porter’s Five Forces presents an extensive opportunity for understanding the Chinese market. As perChermackand Kasshanna(2007), the use of a SWOT studyenables the organization to comprehend the external and internal environment to the extent of developing a competitive advantage.The success experienced by the company so far has presented the opportunity for a global expansion to the Asian region. Consequently, the toolswould be appropriately placed to facilitate the development of the organization’s strategy in its global expansion based on the ability to determine potential strengths and sources of competitive advantage.Like any other foreign investor in China, the company would need to not only appeal to the local culture but also appeal to consumers based on an extensive understanding of the different market forces. Just as much, using the Potter’s Five forces would generate an overview of the market and relationship between consumers and producers, enough to aid in developing the firm’s strategy.

Most importantly, evidence to support the decision to use the two frameworks is from their ability to dissect the internal and external business environments in addition to the various factors of production. For instance, the porter’s five forces framework is highly applicable in business management courses due to the simplistic approach to its definition of issues that influence the interaction between suppliers and consumers (Grundy, 2006). Understanding the power of consumers based on the five forces would help the organization determine its pricing and cost management strategies based on target sales. On the other hand, the SWOT analysis would present a clear overview of the company’s internal market to the extent of defining potential investments to facilitate achieving the target outcomes. Hence, the interaction between the different tools has the potential to ensure the company’s development of an ideal strategy for the Chinese market.

Nonetheless, there are bound to be some disagreements and potential discontentment with the use ofeither one of the two tools in developing the company’s strategy. In this respect, the most successful refutation would include a highlight of the objectives of developing the said strategy. Any organization’s strategy seeks to appeal to define the objectives and outline the methods throughwhich the managementwould achieve those (Brock & Barry, 2003). In this case, either or both of the strategies could achieve these objectives since they appeal to the market conditions and provide insight into how best the firm could develop products to appeal to consumers. Hence, they provide the ideal opportunity for achieving organizational goals, possibly better than any other alternative tool.

Based on SWOT analysis, the company's strengths includea significant positive reputation in the United States, which offers an ideal brand name in addition to a positive organizational culture that has facilitated the company’s success to the present. However, the firm has to deal with appealing to consumers considering that the company’s products are some of the highest-priced in the market. In addition to such challenges, the company has to deal with threats from other furniture companies with significant marketing investments in local retail facilities. To this extent, the competitor products’ availability and general appeal among consumers is an issue of significant concern to the company, and one whose resolution could influence its success. However, the recent expansion to China presents a significant opportunity based on the relatively cheap cost of labor in China and significant purchasing power in the country, which could help increase the firm’s sales volumes.

Porter’s Five Forces framework presents a favorable opportunity for the company. Firstly, the high population in China infers the potential that suppliers could have significant power due to limited suppliers. Secondly, the absence of many choices infers that consumer power is relatively low. Further, the company’s attempt to provide western-themed products in the Asian market could yield a limited threat of substitutes, particularly if the company establishes itself as the ideal supplier of the different furniture. However, the riskof new entrants in the souk is significant due to the high product imitability, resulting from low levels of expertise necessary for investment in the furniture industry. Nonetheless, the analysis herein presents a clear overview of the market conditions the company could experience investing in China.

References

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