

STRATEGIC PLANNING: A STUDY ON COMPUTACENTER



Executive Summary:

This study is concerned with identifying the strategic policy of Computacenter, which is an UK based company providing computer services to the public and private sector companies in the market. In the recent times, the company has been facing many strategic challenges and thereby, fails to generate sufficient revenues for the firm. Thus, this study focuses on providing solutions to the organisation for mitigating the challenges and increasing the operating efficiency. The company has undertaken certain strategies for mitigating the strategic challenges, which are briefly depicted in the study. The learner has advised the company on possible adjustments to the current strategy and developing solutions for improved performance of the firm. The important options for improving the performance of the company have been briefly described in the study along with the reasons of implementing the same.

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Introduction:

This study is concerned with identifying the strategic policy of Computacenter, which is an UK based company providing computer services to the public and private sector companies in the market. With the increasingly competitive IT market in the country, it is essential that the company formulates effective strategies that would help to sustain the business in the long-run. In the recent times, the company has been facing many strategic challenges and thereby, fails to generate sufficient revenues for the firm. Thus, this study focuses on providing solutions to the organisation for mitigating the challenges and increasing the operating efficiency.

1. Identifying the strategic challenges faced by the companies:

The company has been facing many strategic challenges to sustain in the UK market and three of the greatest challenges have been briefly mentioned below:

Innovation:

The biggest challenge the company has been facing is in terms of innovation. The competitors in the industry are coming up with new and advanced technologies that hinder the growth and development of Computacenter. In this context, Allison and Kaye (2011) stated that the organisations failing to come up with new ideas and innovations to improve their internal business operations would fail to sustain long in the UK industry. In addition, the strict government regulations in terms of the use of technology have also hampered the productivity of the company. Bryson (2011) argued that the government often introduces new regulations for the IT companies on the use of technology to ensure protection to the customers of the companies.

Productivity:

The lack of manpower in the company has also emerged out as a major challenge in maintaining the sustainability. The company has been facing high rate of employee turnover because of the inadequate working conditions, low remunerations and ineffective training policies, thereby, hampering the productivity (Hillier *et al.* 2011). This has forced the company to incur additional costs on recruiting new employees and providing training to them. Amit and Schoemaker (2012, pp. 347) argued that providing necessary training to the

new employees could help the company in achieving the desired targets through constant innovation.

Agility:

The slow decision-making process of the company has also hindered the business progress in the IT industry of UK. The company has failed to make effective communication with all the organisational levels and this has resulted in ineffective decision-making (Kerzner, 2011). As a result, the company fails to assess the current trends in the market and fails to attract the new customers. Some of the existing customers of the company have also switched over to the competitors due to the lack of agility and quality of the products.

2. Identifying the company's current strategy and advising whether it is addressing the identified strategic challenges adequately:

The company has undertaken certain strategies for mitigating the strategic challenges, which are briefly demonstrated below:

Improving service delivery:

The employees of the organisation could access the necessary information required for responding effectively to the queries of the customers and provide solutions. In this context, Bechor *et al.* (2010, pp. 23) opined that this would result in greater customer satisfaction due to the improved employee knowledge and skills. On the other hand, Bryson *et al.* (2009, pp. 203) stated that the company needs to implement software within the internal boundaries to deliver important information to its employees, which could increase the operational cost of the company largely. The employees can also take notes on the meeting to increase their knowledge about the business operations (Computacenter.com, 2016).

Cost reduction:

The company has hired a new set of experts for developing and designing mobile phones for its customers at low cost. Eppler and Platts (2009, pp. 51) stated that this would help the company to attract a wider range of customers and in gaining a competitive edge over its competitors. On the contrary, Huang (2009, pp. 212) cited that this might increase the cost of capital as well as the operating cost of the company.

Improved employee morale:

The company has implemented several applications in the mobile devices, which allows the employees to access wide range of information and work at greater pace. This has enhanced the productivity and morale of the employees largely (Galbreath, 2010, pp. 522). On the contrary, Jarzabkowski and Balogun (2009, pp. 1281) stated that the company needs to train its employees on the use of such applications and therefore, it needs to incur additional time and costs on training the employees.

Speeding transformation for the customers:

The company has implemented new computers and mobile phones for its customers that would help the customers to protect their confidential data and better IT controls. This would enable the customers to make effective use of the data and thereby, using the information effectively and smoothly (Jemmasi *et al.* 2011, pp. 30). However, as argued by Peidro *et al.* (2009, pp. 419), the customers might not be able to understand the complex functioning of the IT process and this could lead to low profitability of the company.

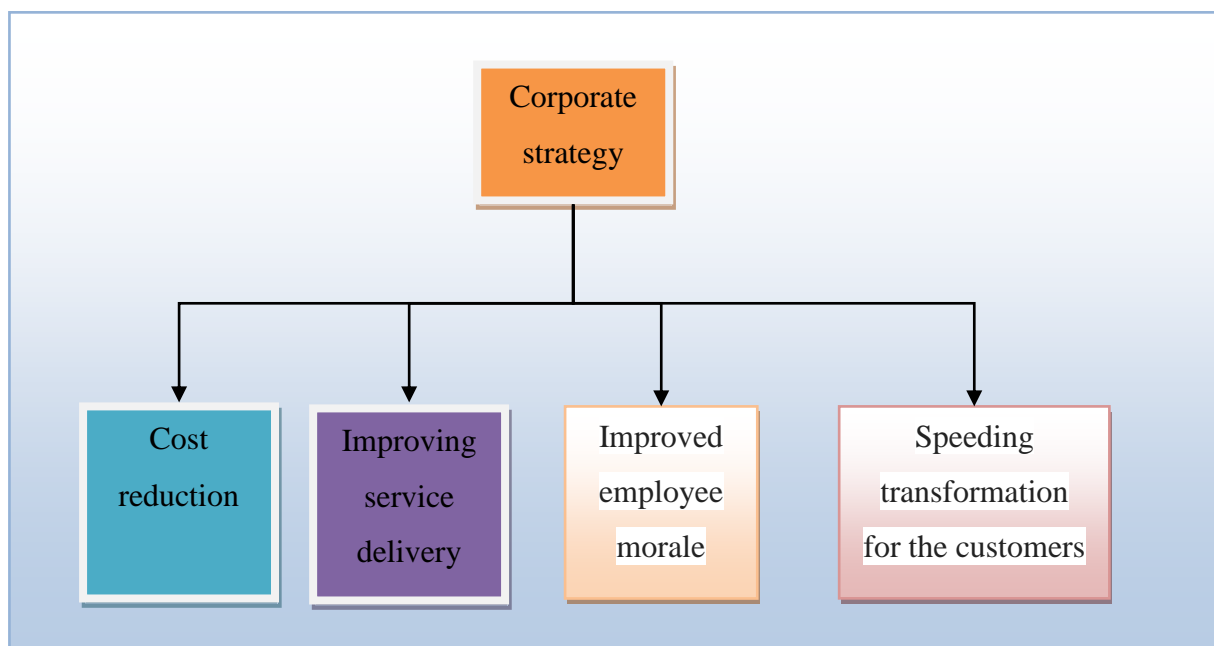


Figure 1: Figure showing the corporate strategies of Computacenter

(Source: As created by author)

The company has been facing difficulties in the innovation process and adopted new and efficient IT systems that would help the customers in keeping records and control of the important information. However, the company has not adopted any strategy to provide

rewards to its employees for reducing the rate of employee turnover. This could enhance the employee dissatisfaction within the organisation (Pollack, 2009, pp. 162).

It has also been assessed that the company fails to generate effective decisions. The current strategy of the company focuses on employee engagement and this, in turn, could enhance the productivity of the firm (Raman, 2009, pp. 312). The company has designed some strategies, which have enhanced the performance of the company to some extent; however, it needs to come up with more new and innovative ideas for enjoying a competitive advantage in the IT market of UK.

3. Advising on possible adjustments to the current strategy and generate three strategic options to implement those:

According to the strategies been selected for the challenges faced by Computercentre, there are few advisories can provided for adjustment of the current strategies implanted in the company. Increasing involvement of employee's indecision making, which helps the company identify best possible strategies can be taken for increasing innovation in the company. Computacenter can also make investment in the research and development division to introduce more innovative products in the market for enhancing competitive advantage of the company. As per the productivity, the company need to add more suppliers for increasing quality and standardised raw materials for production of goods and services. It has been alos evaluated that the company can also install more new and updated machineries in production to increase quality manufacturing of IT products. In the suggestion, company can also involve separate decision making section; this might help the company to take strategic decisions analysis information and performance of company in market place.

The Computacenter current strategies have been developed for providing significant growth and development to the company in UK IT market place. However, there are some implementing strategies that need to be developed by the company for increasing its business and market growth. Acceding to the mission of Computacenter, the company is focused on increasing its infrastructure and business activities in scalable manner effectively. There are different marketing strategies and approaches that can be used b the business entity, in which the generic business growth, global business growth and merger and acquisition are reliable approaches for the business (Svahnberg *et al.* 2010, pp-273).

The *generic development and growth* of the business includes internal growth of company. In the particular approach, the company is able to enhance its structure and culture. The generic business strategy involves proper training and development programs, employee's performance analysis, production performance and financial performance analysis of the company (Steiner, 2010, pp- 85). In another strategy, *the global business growth* can be used by the Computacenter to make expansion of the business in international market place. The approached allows company to increase its strength and competitiveness in the market place. As per the outcome of particular approach, the company certainly is able to increase its market share and profitability. The *merger and acquisition approach* is also stated as a strategic approach that helps the business entities to make expansion in the market. Raman (2009, pp- 300) has argued that particular approach is more riskier to introduce new products in the market place as product line and market capability of merged company mouth to match with the parent company.

4. Critically assessing and comparing the above options:

4.1 Strategic competitive strategy

Strategic options	<i>Generic development and growth</i>	<i>Global business growth</i>	<i>Merger and acquisition approach</i>
Consistency with the strategic objectives and vision	The objective of genetic development approach is to increase business operational efficiency (Werbach, 2011, pp- 204). As per the vision, Computacenter is able to increase its operational and production activities for future development and growth.	The objective of global business growth is to develop new product portfolio in the market. Vision of particular objective is to be leading IT company in global market place.	With the merger and acquisition approach, the company objective is to expand its business in the market place (Smith, 2013, pp- 39). The vision of particular approach is to increase company's market share in global IT industry.
Creation of competitive	Increase in skills and abilities of employees	Global business strategy increase	Increase in the product portfolio enhances

advantage	engage innovation that create competitive advantage (Jemmasi <i>et al.</i> 2011, pp- 24)	companies presence in the market with more development of product and services	options of customers, creating competitive advantage for company by increasing customer attention towards the products.
Satisfaction of current and future customer needs	The internal restructuring increase service quality by analysing production process. Thus, able to meet current and future customer needs	Global strategy help to increase more quality products and reasonable rate, which able to satisfy present customer (Allison and Kaye, 2011, pp- 73). Increase in the product portfolios by the company in global market meet requirement of future customers.	Merger and Acquisition increase customer base with increase in production quality meet current customer needs.
Potential response of competitors	Competitors might increase the production volume and sales of company to sustain market position	Increasing strategies by the competitors to enhance customer attention in the global market (Slack, 2015, pp- 83).	Acquisitions of other companies might be seen as response of competitors for Computacenter
Feasibility of implementing required organisational changes	The changes in technology have introduced new gadgets which are complex to be used. Thymus, the increase training and development of employees helps to meet services for customers to certain extent (Rumelt, 2012,	In case of the global expansion strategy, the market growth has reported about 10.2%\$. Thus, engagement of Computacenter to generate more revenue for the company.	In relation to make expansion in global market, the company has to merger or acquire IT firms. So that the market competitiveness in international IT industry can be achieves against giant competitors such as

	pp- 1030).		Capgamini.
Robustness under different future scenarios	Increase in investment opportunities that is estimated to increase by 3.8% in 2020, effective training and development of skills of managers are able to make proper strategic decision in future (Hillier <i>et al.</i> 2011, pp-68).	By the year 2025, the global market size of IT sectors to be increased by 33%. Therefore, the global business strategy approach helps company to create more opportunity for development and growth in international business market place.	The economical downturn is been expected in the future, which has high risks. Thus, merger or acquisition with the companies help t##to decline and mishear the future market downturn (Spee and Jarzabkowski, 2011, pp- 248)
Financial visibility	In the current year of 2015, the operating margin estimated 2.5% (Computacenter.com, 2016). Therefore, the implication of generic strategies increases internal performance of the company including production and income and expenditures. In future, the operational margin estimated to enhance by 5%-8% for next 2 years with the engagement of particular strategy	The revenue generation rate of Computacenter is evaluated 13.2%. Form past 5 years; change in revenue growth is 1.2% as 2010 revenue has been evaluated 13.0% (Computacenter.com, 2016). Implication of global strategy enhances sales of the products and services. It is estimated to make development of 5-6% in sales, which help to generate 14-15% of revenue for the company.	In 2014, assets turnover of Computacenter evaluated 2.7%. Form there year 2010 there is an inconsistency in assets values of company which has ranged turnover of 2.7-2.8% (Computacenter.com, 2016). Thus, the assets turnover might be increased by 4-5% in the near future with the implication of this strategy.

Table 1: Critically assessing and comparing of marketing strategies

(Source: Computacenter.com, 2016)

5. Advising the above options to be implemented first and the reason of the implementation:

The company needs to implement the following options for improving its performance and attain the sustainability in the IT market of UK:

Financial Viability:

The company needs to be financially viable for maintaining its business operations and activities. This is because attaining the financial viability would help the company in improving its internal performance. This would lead to increased revenues and sales for the firm (Rumelt, 2012, pp. 1018). On the contrary, Spee and Jarzabkowski (2011, pp. 1220) stated that the introduction of new machineries and technologies could hamper the productivity of the company, as the existing employees might not be willing to adjust to the organisational changes. However, maintaining the financial viability would help the company in enjoying a competitive edge over its competitors and following a merger strategy would help in diversifying the business operations.

Satisfaction of current and future customer needs:

The company needs to design effective products and technologies for enhancing the quality of services. The form also requires charging a reasonable price from the customers, which, in turn, would help them to create a brand value (Slack, 2015). On the contrary, Svahnberg *et al.* (2010, pp. 243) cited that often customers tend to look for quality products rather than looking at prices and producing inferior quality goods might result in greater customer dissatisfaction. The merger strategy could help the company in increasing its customer base and thereby, can enhance the sales and revenue of the company.

Conclusion:

The study has increased information on the different strategic tools, techniques and activities can be involved for making a sustainable development and growth of the company. The UK based IT service provider Computacenter is world leading company, it has objective of providing more additional value and IT service to its targeted customers. In the report, it has provided brief evaluation of the significant challenges face by company in the current market place. Based on the issues face by company, some recommendations and strategic approaches

have been provided in the study. The company need to implement global business growth strategy along with satisfying the customer needs and wants.

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