



STRATEGY IN ACTION

Outline

1.0 Executive Summary

2.0 Key issues

3.0 Mission, vision and corporate objectives

3.1 Vision

3.2 Mission

3.3 Corporate objectives

4.0 Situational analysis

4.1 Macroeconomic analysis

4.2 Industry analysis

4.3 Market analysis

4.4 Internal analysis

4.5 Summary of the current situation

5.0 Marketing objectives

6.0 Marketing strategies

7.0 Implementation

7.1 Product

7.2 Pricing

7.3 Place

7.4 Promotion



7.5 People

7.6 Processes

7.7 Physical evidence

8.0 Budgetary requirements

9.0 Controls, milestones and corrective measures

Davis Service Group Plc

1.0 Executive summary

The Davis Group Plc has been successful in expanding its operations in most parts of Europe through acquisition and organic growth. As a consequence, it has turned out to take leadership in the textile services industry in the continent. The company has identified an opportunity in the Australian market for its tool hire services and it intends to capitalize on this.

The company intends to expand its operations in order to grow organically. However as much as the business organization might be having particular strengths such as a stable financial base and adequate skills in the area of their business operations, there are still some challenges to be encountered . Such challenges include the language differences that may prevent effective communication in the course of the business operations, difference in the currencies which may make it difficult to project the costs and returns more effectively and more so, there can be some differences in the legal and administrative matters. Therefore, it is quite essential to examine these issues to overcome the obstacles that come with them.

The people to work in this region within this company should be familiar with the local language and culture in to achieve the organization's goal. More so, the management as well as the other employees of the organization should make themselves familiar with the legal and administrative procedures followed within this country. Since the



business currently uses a pound as its currency, it might not very much be difficult for it to link it to the Australian dollar to clear off the difficulty in the making of the financial projections. The company intends to invest 50 million pounds and it is expecting to grow at an annual rate of twenty five percent.

2.0 Key Issues

The main issues here are that the company has financial stability and has adequate skills in carrying out the business operations in the field of tool hire. The weaknesses include the language difference, the difference in currency, the difference in cultural, administrative and legal procedures. However, there is an opportunity in the new geographical area of operation that can not be missed by this company since this is not its first move to spread within different countries.

3.0 Vision, Mission and Corporate objectives

This company is a European textile maintenance company that is focused. Its core strategy is to set up market leading positions on which to acquire growth of revenue by making both acquisitions and growing organically. The operations are managed efficiently to bring growth of the profit that is sustainable, cash flow that is stable and levels of return to the shareholders that are higher.

3.1 Vision

To become a business leader in textile maintenance, tool hire and building systems.

3.2 Mission

To focus on the company's core business in order to be able to deliver higher levels of growth at better margins than the competitors through managing the company's operations efficiently and by availing resources to drive the growth strategies using the core areas of the company's expertise.

3.3 Corporate objectives

This business organization intends to remain focused in order to capture the opportunities for organic growth. It also intends to go on innovating and improving service customer service, shifting the focus from the supply of the products to delivering the service solutions. More so, it strives to focus on the delivery of pricing that recovers the increases in the cost base and make it possible to invest in order to support the growth that the customers expect. Its objectives include;

3.3.1 To aim at growing the revenues at higher rates than the economic growth of the markets.

3.3.2 To target returns on investments at a higher rate than the cost of capital to the group.

3.3.3 To grow the organization's earnings at least in line with the rate of inflation.

3.3.4 To manage the organization on a sound financial footing.

The organization seeks to maintain a progressive dividend policy. The group targets stable free generation of cash flow to finance at least partly further investments in the business (The Davis Service Group Report, 2007).

4.0 Situational analysis

In the year 2001, the company expanded its operations through acquisition in the European Union region that was enlarged. Since the company was able to succeed in expanding its textile maintenance operations at that time, this provides the potential for the organization to still be able to succeed in the expansion at the present time. Since there is a strong potential for tool hire in the large market, the company has made a decision to grow the tool hire Strategic Business Unit (SBU), by entering organically in to Australia. Organic growth refers to a situation where a company attempts to raise the turnover using only its available assets. Some the barriers that may try to hinder the expansion of the business operations may include the language differences that may hinder effective communication, currency differences where there can be difference in values and this may bring difficulties for the business to forecast what the costs and revenues will be. More so, another barrier is that there are cultural differences and the way people behave and carry out their activities may be different among countries. Another hindrance is the legal and administrative differences which differ from one nation to the other. The level of knowledge and skills among people may not be same from one country to the other and when aspiring to set up a business in another country, caution must be taken in order to set up the business where those skills and knowledge exist (The Times 100, Davis; Growing a company by international acquisition).

4.1 Macroeconomic Analysis



Since the business is to be set up in Australia, there is need to examine the political, economic, social, Legal and environmental situations in this country in relation to the United Kingdom.

As per the economic situation, the service sector is the dominant as far as the country's economy is concerned. However, both the mining and agricultural sectors earns highest revenue for the country. From the 1980s, the country has undertaken important reforms meant to restructure the economy and there has been transformation from a market place that is inward looking and that is protected highly to one that is open, competitive globally and one that is export oriented. The main reforms that have been carried out involve reducing unilaterally high tariffs among other barriers to free trade, floating the local dollar, liberalizing the foreign banks, rising flexibility within the labor market, bringing down duplication and increasing efficiency between the two branches of the government, and reforming the tax systems among other reforms. All these favor the Davis Service Group Plc in extending its operations in to this country.

More so, there is political stability within the country which favors carrying business activities. Furthermore, there are diverse groups of people settling in this country bringing about coming together of various cultures. Because of this, setting up a business or extending business operations in to this country could not be faced by intense negative social issues. More so, the level of technology within this country is high making quite favorable for a business organization that intends to carry its operations basing on the advanced level of technology. The government has invested



heavily in telecommunications, transport, water, water and educational infrastructure (U.S Department of State, Background note; Australia. 2009).

4.2 Industry analysis

The economic forces as well as social trends (long-term) largely determine an industry's economic structure. However, the consequence on the business administrator is instantaneous since it settles on competitive rules and the applicable approaches. According to Ehmke, Fulton & Akridge (n.d) Michael Porter came up with 5 forces that are applied to the evaluation of industry composition.

In this analysis, considering the bargaining power of the suppliers, it is noted that the company is attempting to grow organically and since it is already established and a market leader in Europe, there can be no any negative influence originating from the suppliers. Among the buyers, there would be a particular percentage that might not be familiar with the products to be offered to them and therefore an initiative will have to be taken to make them be aware of the company's product. More so, there is a potential of new entries of other company's since in Australia there is embracing of free market economy. This will possibly occur especially when it will have to be realized that there much profit in the business. The company will have to ensure that it quickly learns more about the market and be able to come up with ways to ensure it maintains market



leadership through utilizing its resources to offer high quality services to the customers at minimal costs possible.

The potential to have substitutes can not turn out to be a major threat since the company offers a wide range of the tools and equipment for hire and it will have to learn the trends in the new market to adjust accordingly to win a competitive edge.

4.3 Marketing Analysis

In this analysis, it is identified that there is a potential to have a large market in Australia for tool hire and equipment. There is potential of growth within this market especially considering that there is a stable political atmosphere as well as economic stability.

There is also enough labor force on the labor market. More so, since the company is already far much familiar with its core business and has a stable financial base, it will be easier for it to identify opportunities in this new market and be able to grow within a relatively short time.

4.4 Internal analysis

The internal analysis consists in the investigation of weaknesses and strengths for analyzing the company's advantages and disadvantages as compared to its competitors. The expected outcome of internal analysis is company's improved ability to meet the needs of the target market. The company's evaluation should focus on the situation in the market or the customers' needs, since meeting the clients' needs is the only way to business success. On the other hand, considering weaknesses; these are



whatever limitations encountered by a business organization in coming up or carrying out the implementation of a strategy. There is also the examination of the weaknesses from the perspective of the customer since customers see the weaknesses that might not be seen by the business organization (Adkins, 2008).

Basing on this company, it has internal strengths since it is already established in several other countries. It is intending to grow organically whereby it means it will not get involved in new business operations but expand on the present operations with intentions of rising its turn over. The internal weakness to be overcome in this operation to be introduced in Australia is the potential lack of familiarity with the area but this could be easily overcome basing on the experience the business organization has acquired through carrying out similar operations within several countries.

4.4 Summary of the current situation

Currently, the company is a market leader in its operations within Europe and has a stable financial base. It has gained this stability through acquisition as well as organic growth. This is not the first time the group is extending its business operations to different geographical regions. It has been doing this and always has turned out to be successful. Its intention to extend in to Australia is a positive move aimed at enlarging its financial base.

5.0 Marketing objectives



Marketing objectives should give direction towards sales and should be clear, measurable, realistic, and have a specific time frame. For instance, this business organization should set objectives such as increasing the product awareness in the new market by 30 percent within a period of one year. Another objective should be informing the customers in the target market about the benefits of the products to be offered to them and the competitive advantage of this product which will lead to ten percent rise in the sale from the current sales within a period of one year (Physical Evidence – Part of the Marketing Mix, 2009). In addition, the firm will manage in convincing the clients to buy newly produced products that boosting sales towards the targeted twenty five percent.

In setting the objectives, the company will have to ensure that they do not conflict with one another. More so, there would have to be there a way of making sure that the set objectives are supported by the remaining sections of the marketing plan which include the action program, the budget, controls and measures and the marketing strategy (Small business notes, Marketing Plan: Marketing Objectives and Strategies, 2009).

6.0 Marketing Strategy

This is a process that gives room for an organization to put much focus on its resources, which of course are limited, on the most promising opportunities to increase the total sales and acquire a competitive advantage that is sustainable. This strategy is centralized around the satisfaction of the customer as the main objective. This section gives an outline of the game plan to achieve the objectives of the organization. This is



further divided into small sections such as available products, their prices among others.

These are generally referred to as the 7 Ps of marketing.

The business organization will have to come up with the best strategies to win a competitive advantage. It will have to aim at rising above the competitors by seeking to offer the best services to the customers as possible, for instance, through enabling the customers to access the products in most convenient way. More so, the company will have to ensure that there is a range of products in order to meet the diverse customer needs.

7.0 Implementation

The marketing mix that involves 7 Ps that include price, place, promotion, product, processes, people and physical evidence comprise the modern marketing mix that is particularly more relevant in the service industry but it can as well be relevant in any other form of a business organization in which the first priority is directed towards customer satisfaction (The Extended Marketing Mix, 2009).

7.1 Product

The service to be introduced to the Australian market is the tool hire (HSS). This has been quite successfully including several parts of Europe and even in the United States of America. The organization is original and offers full hire solutions for its clients. Some of the tools and equipment in which the company deals include air conditioners, climate control units, coolers, cooling fans, ladders, floor sanders, carpet cleaners, Concrete



mixers, access towers, lawn mowers, trimmers, pruners, pressure washers, mini diggers, and excavators among other tools and equipment. This wide range ensure diversity in order for the company to meet the various customer needs and as a consequent be able to widen its base and realize its objective of becoming a market leader (Hss.com, keeping businesses working, 2009).

7.2 Place

Tool hire is to be introduced in Australia and be done and just like in the case where they introduced the same on the market by beginning a shop and called it HSS Rental Stores in Florida before looking for opportunities to make more expansion, the company will have to do the same in Australia. It focused with a period of less than a year, the company will have been able to identify more opportunities and operating in most parts of this country.

7.3 Pricing

Reasonable prices will have to be charged putting in consideration the present economic situation. The prices will have to be determined in the face of competition and the forces of demand and supply on the market. The discounts to be offered to the customers will have to be on the same basis as the existing one in the current area of operation where there will be a discount when one reserves online. However, customers can't use the discounts when buying equipment of consumables.

7.4 Promotion

The company will have to go on having an outstanding level of customer service. Professional and friendly techniques directed towards each customer's inquiry emerges



as the company's direct value. There will be continual hire service that is "one-way" in order to continue providing facility for equipment to be returned more conveniently through taking it to any of the nationwide branches. This will save the customer time without not necessarily returning it to the original place (Sandhusen, 2000).

Adequate advertising has to be done in order to make sure that the customers in the new market are very much aware of the product the company is offering in the new market.

7.5 People

To ensure effective and efficient service delivery, there staff to serve in this new region will have to acquire adequate training in order to deliver effective promotion of the product, carry out effective personal selling among other services that will have to ensure the company's realization of its goals (People and Services Marketing, 2000).

7.6 Processes

The firm will pursue its traditional practice of extending training programs to its staff so as to instill advanced knowledge to them as well as enabling them meet customer needs. More so, the company's customer service guarantee should go on stating that there will be no charges to be made if the customer needs are not met (Anon, 2000, Process and Services Marketing).

7.7 Physical evidence

The operating safety guides will have to be attached to all the products to be hired to ensure the safety of the customer. In addition, the equipment to be hired should be



examined before being given out to the customer and also, on being returned it should be checked to ensure it is safe for the future use (The Extended Marketing Mix, 2009).

8.0 Budgetary Requirements

In its processes of organic growth through the extension of operations in to Australia, the starting amount to be invested will have to be 50 million pounds and after which there will be investing of more money. Each year, there will be a twenty five percent increase in the capital base in order to spread all through the whole region. This has to go on for a period of five years.

9.0 Control, Milestones and Corrective Action

There will be close monitoring of the business progress in this region once set up. Control will have to be exercised and evaluation be carried out every after two months so that in case there is any deviations from the intended targets the corrective measures will have to be taken without any unnecessary delays. This can be made easier by use of the Gantt chart shown in the appendix (Gantt Chart, 2007).

Gantt chart

Task	Duration	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	2 mo.	█											
2	2 mo.			█									
3	2 mo.					█							
4	2 mo.							█					
5	2 mo.									█			

References

- Adkins, E. 2008. Internal Analysis, Mystrategicplan [Online]. Available at <http://mystrategicplan.com/resources/internal-analysis/> [Accessed 7th January 2010].
- Ehmke, C. Fulton, J. and Akridge, J. n.d, Industry Analysis: The five forces, Purdue Extension [Online]. Available at http://docs.google.com/viewer?a=v&q=cache:4k3jXnaFIYYJ:www.ces.purdue.edu/extmedia/ec/ec-722.pdf+Industry+Analysis&hl=en&gl=ke&pid=bl&srcid=ADGEESgTaLUYJIQQyyLWXDYiFSY30-9o2jsLEUH52RZ8Vg7jSdPJSjzr-rQ1qH6RO_ZpmB6QuuhoBKIVTEiHrYw-PWnCP6SqBFWAD3eixYKffVTZYmVeHeFwrAleCSeZVZjzmzkwTqyw&sig=AHIEtbQSBYQr96Jksde7TAP3X-BkH3IOVg [Accessed 7th January 2010].
- Gantt Chart, 2007. NetMBA.com [Online]. Available at <http://www.netmba.com/operations/project/gantt/> [Accessed 7th January 2010].
- People and Services Marketing, 2000. Marketing Teacher Ltd [Online]. Available at http://www.marketingteacher.com/Lessons/lesson_people.htm [Accessed 7th January 2010].
- Physical Evidence – Part of the Marketing Mix, 2009. Marketing teacher [Online]. Available at http://www.marketingteacher.com/Lessons/lesson_physical_evidence.htm [Accessed 7th January 2010].

Sandhusen L. Richard, 2000. Marketing. Barron's Educational Series, New York.

Small business notes, 2009, Marketing Plan: Marketing Objectives and Strategies,

Small business notes [Online]. Available at

<http://www.smallbusinessnotes.com/planning/marketingplan/marketplanobjectives.html> [Accessed 7th January 2010].

The Davis Service Group Report, 2007 [Online]. Available at

<http://www.google.co.ke/#hl=en&q=The+Davis+Service+Group+Report+2007&meta=&aq=f&oq=Gantt+Chart+&fp=91a1687222d98661> [Accessed 7th January 2010].

The Extended Marketing Mix, 2009. The times 100 [Online]. Available at

[http://www.thetimes100.co.uk/theory/theory--the-extended-marketing-mix-\(7ps\)--319.php](http://www.thetimes100.co.uk/theory/theory--the-extended-marketing-mix-(7ps)--319.php) [Accessed 7th January 2010].

The Times 100, Davis; Growing a company by International Acquisition, The Times

100[Online]. Available at www.thetimes100.co.uk [Accessed 7th January 2010].

U.S Department of State, 2009, Background note: Australia, The Office of Electronic

Information, Bureau of Public Affairs [Online]. Available at

<http://www.state.gov/r/pa/ei/bgn/2698.htm> [Accessed 7th January 2010].

