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Strategic Management of Next PLC

INTRODUCTION

Strategic management can be described as a ongoing process which includes planning, monitoring as well as analysing and evaluating need and requirement of organisation (Ansoff and et.al., 2018). There are various factors that needs to be identified as well as analysed in order to develop effective strategies. Strategic management will help in creating successful strategies as well as plan for organisation. This will directly lead to gaining comparative advantage over other rival companies. For this report chosen company is Next PLC. This is well known British organisation that is performing it business function is multiple nations. Next Plc organisation is dealing in retail sector and major products of this company is clothing, footwear, home products as well as other fashionable accessories. This company is offering its products and services to different part of the world and it headquarter is located at Enderby, England, United Kingdom. This report will includes in depth detail about strategic management. It consist of posters five force model and PESTEL analysis.

MAIN BODY

It is very important for Next Plc company to manage its strategies as well as develop strategic plan in order to perform business function is effective and efficient manner. By managing strategies, respective strategies will be able to gain competitive edge over other companies. It is essential that this company is analysing its micro and macro factor for creating strategies (David and David, 2013). This will help in identifying and evaluating the business environment as well as take better business decisions. This will lead to ensure the company is conducting organizational operations in such a manner that desired objectives could be timely accomplished. There are various models and business concept that will help in organisation to performing business activities in effective manner. PESTEL analyse and Porters five force model will help in strategic management in effective manner.

PESTEL Analysis

This is considered as an effective framework that could by used by marketer in order to perform business activities manner. It is essential for this company to identify and manage external environment of in order to take better decision for organisation. PESTEL analysis includes different factors such as political, economical, social, technological, environmental and legal. There are various changes in macro environment which will lead to affect Next PLC company as well as its operations. By identifying and analysing all factors of external business environment respective company will be able to develop better strategies for growth and development of organisation. PESTEL analysis in context of Next Plc is mention below.

Political factor –

This factor play a crucial role in determining long term profitability of business. Political factor is major concern with different types of rules and regulation that is developed by political and government party (Hill, Jones and Schilling, 2014). It is essential for respective company to follow all rules and policies for smooth functioning of organisation. Political factor includes stability and instability of political party, level of corruption, taxation policies, trade restrictions and many more. UK have stable government that is developing different policies for growth of retail sector. This will lead to have positive impact on business and its activities. There are various strict taxation policies which is affecting the performance of NEXT Plc company is negative manner.

Economical factor –

This macro factor of business includes inflation rate, interest rate, foreign exchange, saving, GDP and many more. Economical factor will lead to have significant impact over business as well as its performance. UK nation is one of those countries which has continuously increasing GDP and high economic rates. This will lead to increase the performance as well as productivity of organisation (Eden and Ackermann, 2013). This company is dealing in retail industry and due to high economic growth rate of nation customers will be able to expand on purchasing of high quality fashionable products. This factor will lead to increase sales and profits of respective company.

Social factor –

It is essential for organisation to analyse as well as evaluate various social factors in order to increase performance of business. There are many social factors such as attitude, personality, perception, belief, customs and many more. Next PLC company needs to consider all of these social factor while taking business decisions. This company is providing its products and services to different types of customers. It is important for respective business to identify as well as analyse market trends. This will help in develop better and appropriate products for satisfying needs to customers. It has been analysed that needs and requirement of customers are continuously changing. This can have negative impact over performance as well as sales of respective company.

Technological factor –

It has been analysed that technology is growing very fast and this will lead to have huge impact on business. Technological factor includes new and innovative techniques in organisation that will lead to influence overall performance of company. UK market area has one of the advance technology in the world that will directly lead to increase the performance of organisation (Moutinho and Vargas-Sanchez, 2018). Next PLC company needs to use high and innovation technology in its business process so that desired objective could be accomplish on set time. This company needs to adopt recent technological trends as this will help in gaining competitive advantage over other rival companies.

Environmental factor –

There are various laws set by UK government for protection of environment. It is significant for Next PLC company to follow all environmental rules in order to protect it. Environmental factor includes weather, climate changes, environmental pollution, recycling, waste management, endangered species, renewable energy and so on. Next PLC company needs to conduct corporate business activities in order to full its responsibility towards society. This will help in attract more and more customers towards organisation as well as developing strong and positive market image. NEXT plc company is developing high quality products for different climates so change in climatic conditions will not lead to have negative impact over business.

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Legal factor –

There are many law and legislation developed by government for performing business activities. Legal factor of external business environment will includes anti trust law, discrimination law, consumer protection law, health and safety law, copy right or patents, employment law and so on. Next Plc organisation is designing and manufacturing high quality products. This is very helpful in satisfying needs and wants of customers. It is essential for this company to copyright or patent its products (Lasserre, 2017). This will lead to providing protection to the high quality of products of respective company. It is important for this company to meet with the expectation and needs of employees in order to enhance business activities.

From the above analysis of different external factors it has be identified that there are many positive as well as negative impact of macro factors on business. This will be very supportive for Next Plc company as through this it will be able to take better business decisions as well as achieve desired goals and objectives. PESTEL analysis will help respective company to develop better business strategies in order to enhance performance as well as productivity of company. It is essential that this company is using advance and innovative technology in its business process. This will help in creating high quality products in effective less and time.

Porters five force model

This is an effective model that will help company to analyse its competitive forces. There various factors or forces of external environment which will lead to have impact over the business. Porter five force model will lead to identify all competitive forces that will influence functions of organisation (Meyer, Neck and Meeks, 2017). This model is developed by Michael, E. Porter in 1979 and the motive of introducing this model is to determine corporate strategies. This will include key five competitive forces that is affecting industry. Porters five forces consist of Bargaining, Threat of entry, rivalry among companies, bargaining power of buyers, bargaining power of suppliers, threat of substitutes. All of these forces are mention below in context of Next PLC organisation.

Threat of new entry –

New entry in industry will lead to have impact over the current business which is dealing in fashion retail sector. This force of Porter's model will help in identifying influence of new company in respective company. Next PLC organisation is well established company that is offering its high quality products and services from many years. It has developed its strong brand image which will lead to reduces the impact of new entry on this company. This force will lead to have low impact over respective business. It is essential that Next Plc organisation is developing effective strategies in order to manage the challenges that occur due to new entry.

Bargaining power of suppliers –

There are numerous of suppliers that is providing raw materials and other resources of companies. It has been analysed the purchasing power of suppliers is relatively low in this particular sector. Next PlC company can purchase raw material from different manage (Vogel and Güttel, 2013). So bargaining power of suppliers will not lead to have major impact over respective company. Next PLC organisation needs to build effective supply chain though multiple suppliers. This will help in supplying manufactured products of this company to potential customers. Bargaining power of suppliers is low force which will have less impact over Next Plc company.

Bargaining power of buyers –

Next Plc company is offering its products and services to wide range of customers. This is a multinational organisation that has potential customers in different market area. Buyer play a crucial role in sales as well as profits of respective company. It is essential that this organisation is developing products as per customers needs and wants. It has been determined that buyers are very demanding and they want best offer in less amount. Individual buyer will not lead to have huge impact on business but larger number of customers will lead to increase in bargaining power of buyers. So bargaining power of buyers are considered as moderate forces for Next PLC company.

Threat of substitute –

This force of porter's model includes that threat of company due to presence of similar products. There are many companies which is offering same time of products and services to customers (Simon, Fischbach and Schoder, 2014). This force will lead to have impact over the decision-making as well as performance of respective company. This organisation is developing unique and creative products for satisfying needs and requirement of customers. This lead to attract more and more customers towards Next PLC company. It has many loyal and potential customers which lead to reduce the negative impact from the threat of substitute products. This force will have moderate impact on business of Next Plc.

Threat from industry rivalry –

This is considered as one of the major threat to Next PLC company. This organisation is dealing in highly competitive environment and tit has many rival companies. Next PLC company has major threat from its rival companies and its major competitors are H&M, ZARA and so on. Threat from rival among existing competitors will have high impact over performance of this company. It is essential that this company is developing effective and efficient strategies which will lead to have competitive advantage over other rival companies. This will help in reducing the impact over this threat from respective company.

Thus, it has been analyse that there are five major forces which will help in understanding competitive position of this company. By analysing all forces of Porters five force model Next PLC company will be able to develop better and effective strategies. This will lead to growth and development of Next PLC company. Threat from new entrant and bargaining power of supplier will lead to have low impact over business as its performance. Where as bargaining power of buyers and threat of substitution of products will lead to have moderate impact on this company. Next PLC company have major or high affect from threat from industry rivalry. It is important to develop appropriate strategies as well as strategic management in order to conduct business task in correct and effective way.

VRIO ANALYSIS

The analytical technique that is being utilised for evaluating resources of organisation for attaining a competitive edge within the marketplace is referred to as VRIO Analysis. In context of Next Plc, it will look into all the internal resources through which there sustainability within the marketplace can be ensured.

Factors	Valuable	Rarity	Inimitable	Organized

Upscale comfy environment	âœ”			
Services	âœ”	âœ”		
Strong global presence	âœ”	âœ”	âœ”	
Employees	âœ”	âœ”	âœ”	âœ”

Valuable:

- Upscale comfy environment – Next Plc is rendering their operations within every upscale location in which individuals are competent for spending on clothing. There stores renders upscale comfy environ for their customers by which they can enjoy shopping either online or offline mediums (Certo and et.al., 2016). This implies that **competency** of firm is valuable for generation of profits for them which is being clear by the fact that they are largest clothing retailers in context of sales within UK.
- Services – This is the **resource** which is being delivered by Next Plc and is liable for generation of value for firm. The firm is known for their high quality footwear, home products and clothing which aids them to captivate ample number of individuals towards their services.
- Strong global presence – This implies **capabilities** of Next Plc that has enables them to render their services across the world. They have around 700 stores across United Kingdom, Asia, Middle East and Europe.
- Employees – They are the major assets that are being possessed by Next Plc and they are well trained which enables them to increase the organisational revenue through generation of value for them.

Rarity:

Services – Products of Next Plc involves clothes, footwear and home products, they are being developed by trained employees. Along with this, the employees are being provided with adequate knowledge with respect to equipments on which they are working on. This enables them to deliver impelling services to their customers.

Strong global presence – Next Plc is largest retailer within the market of UK and reason behind this is the quality as well as trends which are being rendered by them to their probable customers. The global presence makes it a rare resources.

Employees – They are trained specially so that can meet the expectations of their potential customers and provide them designs before anyone else brings it within the market (Greco, Cricelli and Grimaldi, 2013). This training is being provided to them by experts which makes them to satisfy their probable customers.

Inimitable:

Strong global presence – Next Plc renders their services in different countries around the world. For this, firm has made lots of efforts and have made their unique and competitive positioning in marketplace.

Employees – They are resources of firm that are being acquired through effectual process of recruitment and selection. Employees of Next Plc possess unique capabilities that cannot be imitable by anyone else.

Organized:

Employees – They denotes the human resources which are present within the firm. They generates values for individuals that are rare as well as are not imitable. These attributes possessed by employees of Next Plc allows them to have competitive positioning within the market.

SWOT Analysis

SWOT analysis can be describe as an effective tool which is used for strategic planning of organisation. NEXT plc company needs to use this tool for understanding internal capabilities of company as well as various opportunities in external market environment (Aguinis, Edwards. and Bradley, 2017). This includes strengths, weakness, opportunities as well as threat of Next Plc company. This tool will help in gaining compete in sight about the company as well as its functions. By analysing SWOT this company will be able to understand its strategy that is helpful in gaining competitive edge over other companies where as weakness needs to be improve for enhancing business performance. SWOT analysis in context of Next PLC company is mention below.

Strength –

This is one of the leading company that is providing its products and goods to large market area. Next Plc company have number of strengths that will helpful in getting larger market share. It has successful business track records which includes its top quality products and services. This company is conducting a proper market research in order to identify needs and requirement of targeted customers (Karadag, 2015). This is helpful in developing strong market image as well as attract large number of customers. Next PLC have highly skilled workplace that is conducting business functions in effective and efficient manner. This lead to timely achievement of desired goals and objectives of respective company.

Weakness –

It is important for this company to identify its weakness in order to reduces it. Weaknesses of Next Plc company will lead to have negative impact over performance of organisation. The major weaknesses of respective company is its supply chain management. It is lacking in managing its supply chain process as well as timely delivery of products to customers. This company has poor financial management planning that is affecting activities of organisation. Due to this weakness, respective company is not able to conduct business operations in effective and efficient manner.

Opportunities –

There are many opportunities in external market that will help respective company to grow and develop its business. This company needs to use new and innovative technology or techniques in market. This organisation should take advantage of updated technology as this will help in conducting business activities in effective and efficient manner. Next PLC employees are highly skills and capable to appropriately use advance technology (Zhao. and et.al.,., 2017). By using updated and modified technology in business operation this company will be able to gain competitive advantage over other rival companies. This company should train its employees so that they can effectively manage various financial resources as well as supply chain management. Training will help in enhancing the knowledge of employees as well as their performance to conduct business task.

Threat –

Next Plc company is dealing in highly competitive environment that is considered as its major threat. There are many company in retail sector that is providing high quality products and services to customers. High competition is market will lead to have negative impact over sales and profitability of organisation. This company has also threat from various rules and policies of political party. Changes in laws and legislation will lead to have direct impact over business and its decision making.

Value chain analysis

This is one of the effective model that will help company to analyse its internal capabilities. Value chain model in classified into two different parts such as primary activities and supportive activities. This model will help in understand and determining internal capabilities of company in order to converting inputs into outputs. There are different activities of organisation that help in conducting business activities in effective and efficient manner. Porter's value chain model in mention below in detail.

- **Primary activities** – This include various activities such as inbound logistics, operations, outbound logistics, marketing and sales as well as services. All of these activities will lead to have direct impact over business as well as its performance. It is essential for organisation to effective conduct primary activities as this will help in achieving goals.
- **Supportive activities –** Supportive activities help in primary activities to perform business task. It includes various activities such as firm infrastructure, human resource management, technology development as well as pronouncement. All of these business activities provide support to primary activities as well as attain set goals.

Strategies for Next PLC company

It is essential for respective company to develop effective and efficient business strategies. As this will lead to growth and development of organisation as well as enhancing organisational performance (Fisher and Oberholzer-Gee, 2013). For developing effective and strong strategies Porter's generic models needs to be analysed. This model is developed in order to build appropriate strategies in order to gain competitive advantage over other rival companies. This includes cost leadership, differentiation and focus strategies.

Cost leadership –

In this strategies respective company will try to increase its sales and profits by cost leadership in organisation. Cost leadership strategies refers to those strategies in which company is providing high quality product and services with comparative less price. This will lead to enhance sales of Next PLC company.

Differentiation -

This strategy refers to business plan in which it is providing new and innovative products to customers. In this strategies respective company needs to identify its customers requirement as well as provide completely new or creative product. This strategies will lead to attract more customers towards business as well as gain competitive advantage over other companies.

Focus –

This includes cost focus and differentiation focus strategies. In this type of business strategies respective company will be focusing on small number of customers (Chen, Delmas and Lieberman, 2015). Next PLC is well established multinational company and it is providing its services to larger number of customers.

Thus, Next Plc company needs to use differentiation strategies as this will be most effective and efficient strategies for growth and development of organisation. Differentiation strategies will lead to attract more customers and gain competitive edge over other companies.

CONCLUSION

From the above report it can be concluded that strategic management is critical process of organisation. There are different factors that needs to be evaluated by company in order to manage its business strategies. PESTEL analysis will be every effective is identity or evaluating external factors of business. These factors will lead to have direct or indirect impact over business. Porter five force model will help in gaining competitive in sight about business as well as developing effective business strategies. SWOT analysis and VRIO is effective tools that will help in understand internal capabilities of organisation. It is essential for company to develop correct and appropriate strategies which lead to growth and development of business.