

Grey Global Group INC.

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## Section 1: Current Company Operation

## Financial aspect

The firm is a privately owned firm which is a member of the WWP plc. The firm faces enormous competition from various firms. With the changing market needs and demands, the firm encountered a reduction in its revenue. The firm is known for its huge assets held in its different branches. However, it has faced some challenges in its operation which have forced it to acquire some liabilities on the way.

## Our 2016 financial statements

## Company profit and loss account

For the year ended 31 December 2016

	Notes	2016 £m	2015 £m
<b>Turnover</b>		–	–
Operating income		13.8	10.6
<b>Operating profit</b>		13.8	10.6
Interest receivable and similar income	33	–	1.2
Interest payable and similar charges	34	(102.5)	(146.1)
Revaluation of financial instruments		(8.6)	(4.0)
<b>Loss on ordinary activities before taxation</b>		<b>(97.3)</b>	(138.3)
Taxation on loss on ordinary activities	35	–	–
<b>Loss for the year</b>		<b>(97.3)</b>	(138.3)

**Note**

The accompanying notes form an integral part of this profit and loss account.

All results are derived from continuing activities.

There are no recognised gains or losses in either year, other than those shown above, and accordingly no statement of comprehensive income has been prepared.

(WWP plc, 2016)

## Company balance sheet

As at 31 December 2016

	Notes	2016 \$m	2015 \$m
<b>Fixed assets</b>			
Investments	36	12,970.3	12,863.8
		12,970.3	12,863.8
<b>Current assets</b>			
Debtors			
- due within one year	37	1,640.2	1,686.1
- due after one year	38	-	19.1
Cash at bank and in hand		13.7	83.8
		1,653.9	1,789.0
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	39	(4,322.0)	(3,855.7)
<b>Net current liabilities</b>		<b>(2,668.1)</b>	<b>(2,066.7)</b>
<b>Total assets less current liabilities</b>		<b>10,302.2</b>	<b>10,797.1</b>
Creditors: amounts falling due after more than one year	40	(1,363.4)	(1,012.3)
<b>Net assets</b>		<b>8,938.8</b>	<b>9,784.8</b>
<b>Capital and reserves</b>			
Called-up share capital		133.2	132.9
Share premium account		562.2	535.3
Other reserves		(10.0)	(10.0)
Capital redemption reserve		2.7	2.7
Own shares		(766.7)	(496.1)
Profit and loss account		9,017.4	9,620.0
<b>Equity share owners' funds</b>		<b>8,938.8</b>	<b>9,784.8</b>

**Note**

The accompanying notes form an integral part of this balance sheet.

### Organizational hierarchy and structure

Having branches in over 50 different countries, the company is faced with a huge task when it comes to managing its operations. The top management should familiarize itself with the various cultures. Grey Global Group INC is headed by a Worldwide Chief Executive Officer in charge of all its branches: a position currently held by Michael Houston. The Executive Chairman, James R. Heckin III, acts as the face of the company. The Chief Financial Officer, Chris Esposito, is mandated to control and managed the firm's budget. Other essential leaders include; Joe Celia, the firm's vice chairman and also the chairman and Chief executive officer of G2 and Nirvik Singh, the chairman and CEO of Middle East, Asia Pacific and Africa branches (Bloomberg, n.d.). Different branches have different managers who report to these senior managers. All these managers have different leadership styles. However, some of the most common leadership styles portrayed by the firm's management include; team, transformation, strategic, and democratic forms leadership.

### Human resource aspect

With the increased market competition and high staff turnover, companies are now forced to pay higher salaries to their employees. Grey Global Group INC., is no exemption in the market and it faces a great challenge when it comes to sustaining its employees. The firm pays fair wages to its employees. For instance, it pays a yearly average of \$36,944 to its assistant account executives, \$51,054 to its account executive, \$74,862 to its art director, and \$67,496 to its copywriter among others. The company goes ahead to offer different benefits to its employees such as health insurance cover, commuter benefits, plentiful PTO, and other benefits which are appropriate compared to other firms. However, a system that reduces the complexity of the claiming procedure needs to be adopted in the company.

### Labor relations issues

Just like any other firm, Grey Global Group INC., faces some problems that affect its operation. Some of the labor issues affecting the firm activities are the impact labor unions in the different countries have. The firm's management has to familiarize itself with the various unions that their employees in the different countries are members of. In terms of specific legal issues, the firm also has put up different measures aimed at reducing cases of harassment and discrimination. However, it is still challenging for the firm to completely eradicate such vices mostly due to the presence of diversified cultures. Cases of biases have been reported in different branches, and such accusations have cost the firm some fortune. Some ethical issues affecting the company include those relating to equal employment opportunities to all employees mostly the women, those with disabilities and others with particular health complications. Additionally, the firm has implemented different conflict management systems aimed at reducing conflict in the organization. The firm also has a disciplinary action followed in case of inappropriate activity. The company has been criticized for showing some ads there were discriminatory to specific groups of people. It has

also been accused of misrepresentation and violation or failure to disclose some information to its clients (Ad Age, 2003).

#### Technology and information systems employed

Technological advancement affects the advertising market. With the increased globalization, Grey Group has been forced to adopt new technology which not only helps beat competition but also help meet the customers' demands. Some of these improvements include the use of different social media platforms such as Facebook, Twitter, and Instagram among others in its advertisement to reach many customers. It also has a website which it uses to relay information to its customers. The firm also launched its startup initiative referred to as Grey Adventures which will help host technology startups within its office spaces.

#### Industrial environment

Different factors affect the firm's future marketing competitiveness. One such factor is increased competition which may result in reduced revenues if not business closure. Another factor is associated with increased technological innovation which makes it easy for the firm to meet the current market needs. However, if proper care is not taken, these advancements may significantly affect the firm's operations. Globalization is another issue affecting the business. Issues such as changing customer needs, price sensitivity, and increased demand for quality products also affects the firm's competitive nature. The firm should, therefore, implement different strategies that will give them a competitive marketing advantage. Such strategies include the use of differentiation and cost-leadership strategies.

#### Section 2: Corporate and business strategies

##### Company's mission and goals

The firm's mission statement is based on gaining profits as a result of partnering with different clients who benefit from the application of the talents that they develop and manage.

The firm integrates technology and encourages innovation to attract and retain various customers. Some of its goals include expanding their market and attracting more customers in their current markets. They also plan on increasing their revenues by 50% in this fast growing and changing market. They also intend to improve their service delivery to enhance a mutual relationship between it and its clients. The firm also plans on increasing the revenue share that results from the use of new media. They also intend on maintaining a considerable percentage of its measurable marketing service revenues by 50% (WPP plc, 2017).

#### Corporate strategy

A firm's corporate strategy is the overall direction and scope and how it integrates its different operations with the aim of achieving the desired goals. In this case, Grey Global is under the WPP which manages its operations. The firm has made various acquisitions aimed at increasing its market growth such as their latest acquisition of Arc Touch in 2016.

Additionally, the firm rebrands its products regularly to match the different and changing cultures.

#### Company's strategy

The firm has integrated various related strategies with the aim of increasing its market growth in the advertising sector. Such strategies include the growth strategy where the firm has introduced a variety of products since its start as discussed in chapter one. It has also implemented the acquisition strategy to enhance its market growth. When venturing into some new markets, Grey global used price-skimming and product differentiation strategies to attract customers. However, these strategies are expected to change in time with the changes in the market demands.

#### Implementation of the strategies

Some of its implementations have proven successful while others have failed. Some strategies that have succeeded include the growth strategy. As stated in chapter one, the firm

introduced new products such as TV ads which were proved successful. This success can be attributed to proper planning and communication before the implementation of the strategy.

However, some strategies failed and resulted in massive losses. Such strategies include the use of price-skimming which at led to enormous losses for the business in some regions.

Some of these losses were attributed to inadequate market analysis and forecasting.

#### Functional strategies

Some of the functional strategies that can help Grey Global achieve a competitive advantage include having efficient customer service. The firm needs to understand that the customer is the most critical business partner and it should, therefore, implement strategies that will enhance customer satisfaction and increase loyalty. Such strategies include implementing ways for customers to air their complaints, listening, and addressing the grievances. They should also encourage innovation and efficiency which will result in high-quality service delivery and reduced operational costs. Such a move will translate into increased sales and revenues.

#### Chapter 3: Chapter summary

This chapter summarizes some of the strategies that the firm can use to fight competition in the market and increase its market sales. It starts by identifying the firm's financial statements. It then highlights some of the leadership skills used by the management. It also touches on areas relating to human resource management by analyzing its salary's structure and its compensations packages. It touches on labor relations issues, the industrial environment, and some of the technology and information systems employed by Grey global. It concludes by indicating the firm's marketing mission statement, its goals, and some of its strategies.

## References

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