

Strategic Management Analysis

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There is no single organization or business enterprise that operates in the vacuum; they all operate within an environment which is characterized by several conditions. The environment consists of several factors that directly affect how the organization functions. Such factors can either be internal or external. Internal factors are those that take place within the organization, and the management has direct control over them. The external factors, on the other hand, exist outside the organization but they influence how it functions. External environment analysis procedure involves a deep scan and evaluation of the environment surrounding an organization. Strategic managers use the analysis to identify threats and opportunities for their business firms. Opportunities are the external factors that have a positive impact to the business and seem to be favoring its performance while threats are the factors that have a negative effect and hinders the organizations from performing as per the expectations of the management (Barney & Hesterly, 2010). The strategic management team at Walt Disney needs to analyze the external environment factors to enable them to formulate new strategies that will guarantee success in its present and future performance. The analysis will also help in improving the existing strategies to enable the organization to respond to the identified threats and opportunities respectively.

Organizations are referred to as open systems because they interact and show a response to the environment within which they operate. They function as a system because their operations are interrelated and function together from the first stage where inputs are brought from outside and processed into outputs that are taken to the market. Organizational researchers established two perspectives to describe the impacts the environment has on the organization. Environment as information Perspective, this perspective suggests that the environment is a source of information that can be used by the managers to make decisions. It informs the management on the uncertainties that exist in the outside world. Walt Disney is operating within a very dynamic

environment; this is as a result of ever-changing technology with frequent advancements (Barney & Hesterly, 2010). Therefore there is a great need for continuous innovations in the production of its programs. Also, the design of the amusement parks needs a continuous upgrade to match the expectations of the people and attract more visitors.

Environment as the source of Resources perspective: through this approach, the environment is regarded as the source of resources that are very scarce but necessary in sustaining the business operations. Since the resources are scarce, the existing organizations in the industry are competing for the available resources. As time goes, the environment will get more hostile because it will be hard to obtain such resources or control their availability hence subjecting organizations to greater uncertainties. An external analysis helps the managers to foresee such uncertain conditions. Therefore they should find mechanisms through which they can acquire and control the resources. Walt Disney has grown to be an international company with viewers and customers across all parts of the world; they should then implement cross-border mergers and partnerships with other organizations in the industry. This will help the Walt Disney management to resist both the existing and possible competition. The company will also be able to increase its customer base hence making more sales and profits (Pearce et al. 2000).

Strategic management analysis takes into account the external environment factors to formulate strategies that will see the organization grow. The external environment is divided into two areas; specific and general environment. Specific environments factors are the customers, completion from other firms, resource providers and other organizations providing alternative products or services. General environment factors are technology, demographics also known as population, political, economic and social-cultural factors. The external environment of any

organization can be classified into two major areas, the specific and the general environment.

Strategic management analysis focuses on identifying both internal and external forces affecting the operations of the organization (David, 2011).

Walt Disney strategic management team needs to analyze the general environment factors to help them lay down a well-defined strategy. Since these factors are not within the organization will save the firm from acute challenges that could be brought by such factors. Five key sectors are said to form the external environment. Technology: advancements in technology are taking place every day and at a very high rate. Businesses are establishing platforms through which customers can buy and pay for goods and services without having to visit the premises. Proper utilization of such innovations will enable any business organization to thrive well in the market (Dill, 1958). Walt Disney management should now be considering establishing more retail outlets and retail network. The network will make enable Walt Disney to reach customers in far countries and market their products. The use of internet and social media has made the world a small village hence making it easy for Walt Disney to penetrate and expand to other places making it a multinational organization. Socio-cultural: a deep understanding of the culture of people allows an organization to be aware of the current trends. Walt Disney will be in a better position if they continuously access the lifestyles of people, taste, and emerging social trends. The organization is supposed to prepare entertainments programs that are suitable for different cultural environments (Barney & Hesterly, 2010). Demographics: demographic analysis does examine the trends and other information about a certain population of people. A look at the demographics of the market helps an organization to better understand the needs of the customers. Every organization should conduct a detailed demographic analysis; their findings will help them respond to the population changes by segmenting their customers depending on

their lifestyles and place of origin. However, the demand patterns and tastes of the consumers keep changing with time. Therefore an organization like Disney should keep on improving their entertainment programs and advance the experience of the amusement parks. Demographics is a key sector that is well considered can positively impact the actualization of the strategic management goals. After analyzing the populations, Walt Disney should establish distribution facilities in other parts of the world to help them penetrate the market and counter competition from other institutions. Political-Legal: this involves the regulations as per the laws of the land and other policies set up by the political institutions or the governments of various countries. Political-legal factors look into how the organization pays its employees and payment of taxes (Pearce et al. 2000). The management of Walt Disney should ensure that all the operations of the organization are within the requirements of the laws. And at the time like this when the firm is considering to operate in other countries outside the United States, they should first review the regulations and requirements of any target country they wish to start their operations. The advantages of the external analysis are very beneficial because they enable the management to plan on how to counter threats and capitalize on the available opportunities in the market. The disadvantage of external analysis is that they are expensive. The company spends a lot to finance the research on the financially stable organizations can afford it (Barney & Hesterly, 2010).

Reference

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