



Strategic Management for SMEs

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Strategic Development and Implementation for SMEs

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Executive Summary

This report undertakes an in-depth analysis of the strategic management practices of Happy Beds, a small and medium-sized enterprise (SME) operating in the furniture retail sector. The paper explores various aspects of the company's strategic landscape, from its current direction to stakeholder expectations, and concludes by providing recommendations for its future strategic direction, emphasizing the importance of differentiation and market development, agile strategic planning, enhanced marketing focus, sustainability commitment, and technology innovation.

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Introduction

Within the intricate landscape of contemporary business operations, strategic management stands as a paramount discipline essential for organizational sustenance and growth (Borland et al., 2014). At its essence, strategic management encompasses the systematic formulation, implementation, and evaluation of strategies aimed at aligning an organization's internal capabilities with external opportunities and threats to achieve its overarching goals and objectives (Alkhafaji and Nelson, 2013). It entails the articulation of a company's mission, vision, and values, alongside the crafting and execution of strategies across various hierarchical levels to establish and sustain a competitive advantage (Barney and Hesterly, 2015).

Small and Medium-sized Enterprises (SMEs) comprise business entities marked by a limited scale of operations, number of employees and revenue generation, as well as a relatively constrained market footprint (Moore and Manring, 2009). Within the context of SMEs, strategic management assumes particular significance owing to the unique challenges inherent in their operational context. Despite possessing inherent flexibility and agility, SMEs are often faced with resource constraints, limited access to capital, heightened uncertainty and vulnerability to market fluctuations (Abdulsaleh and Worthington, 2013; Forth, Bewley and Bryson, 2006). Moreover, SMEs frequently contend with intense competition from larger, more established firms and must navigate an array of regulatory complexities (Prasanna et al., 2019; Akang, 2024). As such, effective strategic management emerges as a critical component for SMEs that propels them toward the attainment of sustainable growth, competitive advantage, and long-term viability in their respective industries (Davenport, Leibold and Voelpel, 2006).

This report will analyze the strategic management practices within the context of an SME, examining its current strategic direction, external and internal environment, strategic growth choices, and stakeholder expectations to conclude by providing recommendations that facilitate the company's sustainable growth and success prospects. The paper will have its focal point on the exploration of Happy Beds, an online retailer that specializes in selling beds and bedroom furniture.

1 Company Overview

Happy Beds is a retailer that was established in 2010 in Northern England and specialises in the sale of beds and bedroom furniture. Since its inception, Happy Beds has steadily grown and evolved, developing its website in 2012 and constantly expanding its offerings to include a wide range of different bedroom furniture types (Happy Beds, 2024). Currently, the company is one of the fastest-growing bed and mattress retailers in the UK, with its revenue and transactions being reported as experiencing a remarkable increase of 1205% and 1092%, respectively, year on year (Liberty Marketing, 2023).

Happy Beds' Current Strategic Direction

Happy Beds embodies a set of core values that shape its strategic direction and operational framework.

At the heart of the company's ethos is a dedication to inclusivity and accessibility, wherein it endeavours to ensure that each of its prospective customers feels valued and welcomed. This commitment is underpinned by the Happy Beds' diverse product portfolio that encompasses a wide array of products that cater to various styles, preferences, and budgets, thereby affording customers with ample choices to select bedroom furniture that most closely aligns with their lifestyle demands and aesthetic preferences (Happy Beds, 2024).

Moreover, Happy Beds places a strong emphasis on quality, striving to uphold the highest standards of craftsmanship and durability across its product offerings. The SME prioritizes quality assurance throughout its entire operational framework, aiming to offer its clientele products that not only meet but exceed their expectations (Happy Beds, 2024). Happy Beds' dedication to excellence can be recognised as not only contributing to the attainment of high customer satisfaction but also bolstering the company's reputation as a trusted and reliable bedroom furniture retailer, ultimately encouraging repeat purchases and fostering long-term customer relationships.

In parallel, Happy Beds' strategic orientation is also characterized by a commitment to affordability. Despite its focus on quality, the company endeavours to maintain competitive pricing structures that render its products accessible to a broad spectrum of consumers. Through transparent pricing policies and various promotional initiatives, Happy Beds reinforces its commitment to inclusivity and accessibility, maximizing its offerings' value

proposition whilst concurrently empowering its customers to make informed purchasing decisions and augmenting their overall shopping experience (Happy Beds, 2024).

Customer-centricity constitutes another integral component of Happy Beds' operational framework. The company prioritizes the satisfaction of its customers, offering not only a wide array of high-quality products but also personalized service and support throughout the entire customer journey. The SME's commitment to ensuring exceptional customer experiences is evident through its proactive approach to addressing customer inquiries, resolving issues promptly, and soliciting feedback to continuously improve its offerings and is reflected in its exceptional score on platforms such as Trustpilot, where Happy Beds consistently receives high ratings and positive reviews from satisfied customers (Happy Beds, 2024; Trustpilot, 2024).

In addition, the company also exhibits a commitment to sustainability, actively striving to minimize its environmental footprint through the implementation of various initiatives aimed at reducing waste and conserving resources. This entails prioritizing the responsible sourcing of products and materials and the proactive endeavours to minimize packaging waste and transportation emissions. Moreover, Happy Beds strives to simplify the process of mattress disposal for customers through its 'Recycle Your Mattress' tool, which facilitates convenient responsible waste management. By integrating sustainability principles into its business practices, Happy Beds not only fulfils its corporate social responsibility but also meets the growing demand for environmentally conscious products and services in the marketplace (Happy Beds, 2024).

Ultimately, Happy Beds strives to create an environment where customers feel valued, supported, and prioritized, with the company's mission being reflected in its guiding principles (Figure 1).

In everything Happy Beds does, we strive to:

- ✓ Be caring & kind
- ✓ Be fair & honest
- ✓ Be adventurous
- ✓ Bring happiness!

Figure 1. The Guiding Principles of Happy Beds (Happy Beds, 2024)

2 Environmental Analysis

Environmental analysis represents the systematic examination of both internal and external factors that influence an organization's strategic decision-making processes and overall performance (North, 1992). For SMEs, the engagement in thorough environmental analysis is essential to derive a comprehensive understanding of the business landscape in which they operate, thus facilitating the development of effective strategies that propel towards the attainment of competitive advantage and sustainable growth trajectory (Prasanna et al., 2019; Farida and Setiawan, 2022).

2.1 External Environment Analysis: PESTEL Analysis

The external environment refers to the broader factors outside of a business that have an impact on its operations and performance (Wong et al., 2013). PESTEL analyses represent a comprehensive framework for the systematical evaluation of an organization's external factors, offering a structured approach to assess the Political, Economic, Social, Technological, Environmental, and Legal dimensions of its operating environment. Through the employment of PESTEL analysis, businesses can gain a nuanced understanding of the

multifaceted external forces shaping their industry landscape. This, in turn, facilitates informed decision-making, strategic planning, and proactive adaptation to changes in the business environment, ultimately enhancing their competitiveness and resilience in the business landscape (Ramirez, 2024).

2.1.1 Political Factors

- **Political Stability:** The stability of the political landscape where Happy Beds operates assumes considerable significance for business continuity and long-term planning and growth prospects (Kim, 2010). A stable political environment fosters confidence among consumers, investors, and stakeholders, promoting economic growth and stability. Conversely, political instability, such as government transitions, civil unrest, or geopolitical tensions, can disrupt business operations, hinder investment, and erode consumer trust (Masry, 2015).
- **Trade Relations:** The diplomatic relationships and trade agreements between countries can influence Happy Beds' international operations, including import/export processes, tariffs, and market access. Favourable trade agreements can facilitate smoother cross-border transactions, reduce trade barriers, and provide access to new markets for Happy Beds' products. In contrast, strained diplomatic relations or trade disputes may result in increased tariffs, trade restrictions, and logistical challenges, impacting the company's supply chain and profitability (Baxter, 1995; Mangan, Lalwani and Calatayud, 2021).
- **Taxation Policies:** Changes in taxation policies, such as adjustments in corporate taxes or import/export duties, can result in considerable ramifications for Happy Beds' profitability and pricing strategies. Increases in corporate taxes may elevate operational costs, thereby compressing profit margins and necessitating adjustments in pricing strategies to sustain competitiveness in the market (Quinn and Shapiro, 1991). Similarly, fluctuations in import/export duties can disrupt the cost structure of raw materials and finished products, thereby influencing Happy Beds' supply chain dynamics and pricing decisions (Picciotto, 1992).

2.1.2 Economic Factors

- **Economic State:** Economic growth and prosperity are fundamental determinants of consumer purchasing power and demand for products, including those offered by

Happy Beds. Regions experiencing robust economic expansion typically exhibit heightened levels of disposable income among consumers, translating into an increased propensity to invest in non-essential items such as beds and bedroom furniture. Conversely, in regions marked by economic contraction or stagnation, consumer spending tendencies may be restrained, leading to subdued demand for discretionary goods (Cooley and Prescott, 1995).

- **Interest Rates:** Fluctuations in interest rates can have implications for both consumers and businesses. Changes in interest rates may influence consumers' purchasing power and spending patterns by affecting borrowing costs for mortgages, loans, and credit cards (Calem and Mester, 1995). Concurrently, interest rates can also affect Happy Beds' financing options for expansion or investment endeavours. Higher interest rates may increase borrowing costs and impact the feasibility of capital-intensive projects whilst lower interest rates may present more viable opportunities for accessing affordable financing (King and Watson, 1996).
- **Inflation:** Inflation rates may exert an influence on Happy Beds' operations and profitability, with heightened inflationary pressures possibly translating into escalated costs across various operational facets, including raw materials procurement, production processes, and logistics and eroding the consumers' purchasing power and demand (Sawyer et al., 1993; Sieroń, 2019).

2.1.3 Social Factors

- **Demographic Trends:** Demographic shifts, such as changes in population age structure, household composition, and urbanization rates, exert significant influence on consumer preferences and demand for furniture products (Armijo et al., 1990; Vlachos, 2011). For instance, an ageing population may drive demand for adjustable or orthopaedic bedding solutions, while urbanization trends may fuel demand for space-saving furniture designs suitable for compact living spaces.
- **Lifestyle Changes:** Evolving lifestyle trends, such as preferences for minimalist living spaces, multifunctional furniture, and home office setups, can influence the types of products sought by consumers (Nagyová, Foret and Krocanova, 2006).

- **Health and Wellness Awareness:** Growing awareness of the importance of sleep quality and overall wellness can drive demand for premium bedding products, such as mattresses with advanced ergonomic features or sustainable materials (Grandner, 2022).

2.1.4 Technology Factors

- **Technology Dependence:** Happy Beds' operational framework is heavily reliant on its technological infrastructure, particularly its website, which serves as the primary platform for customer interaction, sales transactions, and brand representation. This reliance underscores the importance of ensuring the efficiency and reliability of the website to facilitate seamless operations and customer satisfaction. Furthermore, it introduces the risk of potential disruptions such as server outages, cybersecurity threats, or technical glitches having a substantial impact on the company's ability to effectively conduct business (Rathee and Rajain, 2017).
- **Technological Innovations:** Technological advancements can present opportunities for Happy Beds to streamline its operational processes and curtail its expenses (Galende, 2006). Moreover, the strategic integration of technological innovations empowers Happy Beds to attain competitive advantages by offering innovative products and enhancing customer experiences through features such as online customization tools or virtual reality mattress testing (Baden-Fuller and Haeffliger, 2013).
- **Data Analytics and Personalization:** The constantly advancing data analytics techniques can facilitate Happy Beds' ability to derive a comprehensive understanding of customer preferences, thereby allowing the SME to tailor its product offerings and marketing strategies with precision and ultimately ameliorate its customer appeal, satisfaction and loyalty (Young, Weiss and Stewart, 2006; Kauffman, Srivastava and Vayghan, 2012).

2.1.5 Environmental Factors

- **Environmental Crises:** Environmental crises, such as natural disasters and extreme weather events, can pose significant risks to businesses across various industries, including the furniture one, possibly leading to increased costs, production delays and supply chain disruptions, thus potentially having an adverse effect on Happy Beds' operations and profitability (Yu, Bansal and Arjaliès, 2023).

- **Growing Emphasis on Sustainability:** In response to escalating environmental concerns, there is a growing emphasis on sustainability across industries, including the furniture one. Customers are progressively prioritizing eco-friendly products and gravitating towards companies that exhibit robust environmental stewardship (Ballou and Heitger, 2005). Concurrently, policies and regulations designed to promote sustainability, encompassing carbon emissions standards, comprehensive waste management legislation, and incentivization mechanisms for renewable energy adoption are being instituted (Lu et al., 2020). Consequently, businesses, including Happy Beds, are compelled to adapt their strategic plans and operational paradigms as a means to meet evolving consumer preferences and demands and align with sustainability imperatives (Ogrean and Herciu, 2020).
- **Resource Scarcity:** Depletion of natural resources due to overexploitation or environmental degradation can lead to supply shortages and increased costs for sourcing materials, thereby inflicting significant challenges on Happy Beds' supply chain and operational efficiency (Huo and Peng, 2023).

2.1.6 Legal Factors

- **Data Protection and Privacy Laws:** As an online retailer collecting customer data, Happy Beds must navigate the legal frameworks governing data protection and privacy, such as the General Data Protection Regulation (GDPR) in the European Union. Adherence to data privacy laws, implementation of robust data security measures, and transparent communication regarding data handling practices are essential to maintaining customer trust and regulatory compliance (Mulugeta, 2016).
- **Employment Law Compliance:** Compliance with employment laws and regulations, including those pertaining to labour rights, workplace safety, and fair employment practices, is critical to fostering a positive and legally compliant work environment and minimising the risk of legal liabilities (Parker and Nielsen, 2011).
- **Contractual Agreements:** Happy Beds engages in various contractual agreements with suppliers, manufacturers, distributors, and business partners. Ensuring effective negotiation, drafting, and management of these contracts is imperative to foster

mutually beneficial relationships, prevent legal disputes that could disrupt operations and uphold the company's integrity and reputation (De Moor and Weigand, 2004).

2.2 Internal Environment Analysis: SWOT Analysis

The internal environment of an organization encompasses the factors and resources within the organization's control that directly influence its operational framework, strategic planning and management and overall performance (Okumus, 2003). Through the analysis of their internal environment, organizations can yield insights that enhance their capacity to optimize their internal functioning, enhance their efficiency and contribute to the cultivation of an environment conducive to the attainment of strategic objectives and long-term growth and prosperity (Gurl, 2017).

A tool widely employed in the evaluation of organizations' internal environment is the SWOT analysis one (Teoli, Sanvictores and An, 2019). SWOT analyses systematically assess an organization's strengths and weaknesses, as well as opportunities and threats, hence facilitating their introspective examination and effective strategic planning (Leigh, 2010).

2.2.1 Strengths

- **Diverse Product Range:** Happy Beds offers a diverse range of bedroom furniture, catering to various styles, preferences, and budgets. This extensive product portfolio allows the company to appeal to a wide customer base and capture different market segments (Wayland and Cole, 1997).
- **High-Quality Products:** The company is committed to ensuring that the products it offers exhibit exemplary craftsmanship, durability, and aesthetic appeal. This dedication to delivering superior-quality products is conducive to establishing a strong brand reputation and fostering customer satisfaction and loyalty (Rane, Achari and Choudhary, 2023).
- **Robust Online Infrastructure:** The company boasts a robust online platform that offers customers a seamless browsing and purchasing experience. Happy Beds' efficient and user-friendly site not only bolsters customers' convenience and accessibility but also allows the organisation to reach a wider audience and capitalize on the growing trend of online shopping (Bibhu et al., 2021). Additionally, Happy

Beds' online infrastructure also allows the company to effectively manage its inventory, track orders, and communicate with customers, thereby optimizing its operational efficiency and enhancing overall customer satisfaction (Tamásy, 2007).

- High Customer Service Quality: Happy Beds places a strong emphasis on the provision of exceptional customer experiences, aiming to exceed customer expectations at every touchpoint. This, in turn, facilitates its ability to cultivate strong relationships with its customers, ultimately driving its customer retention and acquisition rates, positive word-of-mouth referrals, brand reputation, and long-term successful trajectory (Goodman, 2009).

2.2.2 Weaknesses

- Limited Brand Recognition: Happy Beds contends with limited brand recognition compared to larger and more established industry players. The company's relatively limited brand visibility may hinder its ability to attract new customers and compete effectively in crowded marketplaces (Wang et al., 2016). Moreover, its low brand recognition could impact consumer trust and preference, as potential customers may be more inclined to choose well-known brands with established reputations over lesser-known ones (Akkucuk and Esmaeili, 2016).
- Dependence on Online Sales: The company's heavy reliance on online sales poses a vulnerability in its revenue streams and overall market resilience. Relying solely on digital channels for sales exposes Happy Beds to risks related to shifts in e-commerce patterns, disruptions in technology, and cybersecurity threats, which could adversely affect its financial stability, agility and ability to withstand challenges (Marvel, Sullivan and Wolfe, 2019).
- Marketing Efforts: Happy Beds' current marketing endeavours are relatively modest with limited outreach and marketing initiatives. The SME's lack of comprehensive marketing strategies and investments may hinder its ability to effectively communicate its value proposition, differentiate itself from competitors, capture market share and result in missed opportunities for brand exposure, customer acquisition, and revenue and business growth (Malesev and Cherry, 2021; Farida and Setiawan, 2022).

2.2.3 Opportunities

- **Market Expansion:** Happy Beds can explore new geographical markets and expand its customer base beyond its current operational regions. By extending its presence to new geographic regions, targeting underserved areas, or entering international markets, the company can tap into previously untapped consumer segments and capture additional market share, ultimately bolstering its profitability and business growth (Robinson and Lundstrom, 2021).
- **Physical Store Opening:** The introduction of physical retail locations presents an opportunity for Happy Beds to augment its omnichannel presence and reach customers who prefer in-person shopping experiences. Through the establishment of stores in high-traffic areas or key retail hubs, and retail locations and creating engaging showroom environments, the company can attract and engage with customers, build brand credibility, and drive sales both online and offline. Furthermore, physical locations can serve as hubs for customer service, product demonstrations, and brand interactions, hence further strengthening customer relationships and loyalty (Pauwels and Neslin, 2015).
- **Collaborations:** Happy Beds can explore strategic collaborations with complementary businesses or industry partners to enhance its product offerings, expand its reach, and unlock new growth avenues. By forging partnerships with manufacturers, designers, or other retailers in the home furnishing sector, the company can access a wider range of products, leverage expertise, and capitalize on synergies to create value for customers (Hofreiter and Huemer, 2003). In addition, collaborations with influencers, interior designers, or home decor bloggers can help amplify brand awareness, drive traffic to the company's online platform, and foster a sense of community among its target audience (Kolk, Van Tulder and Kostwinder, 2008).
- **Enhanced Marketing Strategy:** Happy Beds can invest in expanding its marketing efforts to augment its visibility, brand awareness, market presence and competitive edge, ultimately driving heightened levels of customer engagement and conversion, revenue generation and business growth.
- **Technology Integration:** Embracing technological advancements such as artificial intelligence (AI) and augmented reality (AR) can revolutionize Happy Beds' customer

shopping experience and differentiate the retailer from its competitors. Through the implementation of AI-powered chatbots customer support and immersive AR experiences for virtual product demonstrations and room visualization, the company can elevate user engagement and enhance its conversion rates (Chapman, 2006). Furthermore, leveraging advanced data analytics and customer relationship management (CRM) solutions can unlock valuable insights into consumer behaviour and preferences, empowering the organisation to craft personalized marketing strategies that foster long-term customer loyalty and retention (Benjamin and Scott Morton, 1988).

2.2.4 Threats

- **Market Competition:** The furniture industry is marked by intense competition, with numerous players competing for market share and consumer attention. As such, Happy Beds faces the threat of market saturation, wherein intense competition may lead to pricing pressures, reduced profit margins, and challenges in differentiating its offerings from competitors (Mia and Clarke, 2017; Wu, Gao and Gu, 2015).
- **Economic Uncertainty:** Economic fluctuations and downturns can pose a considerable threat to Happy Beds' business operations, as during periods of economic uncertainty, consumer spending may decline, thereby impacting the company's sales and revenue (Montes and Nogueira, 2021). Additionally, economic instability can lead to fluctuations in currency exchange rates, inflationary pressures, and disruptions in supply chains, all of which can adversely affect the company's financial performance and operational efficiency (Jefferson, 1983).
- **Technological Advancements:** The rapidly evolving landscape of technology can present a threat to Happy Beds' successful business trajectory, as failure to adapt to emerging technologies and innovate in line with evolving consumer preferences may result in Happy Beds losing market relevance and ceding market share to more technologically adept competitors (Dhanalakshmi et al., 2020).

3 Strategic Growth Options

The optimal selection of a growth strategy is of key importance for SMEs, given their inherent resource constraints and competitive landscapes. Growth strategies shape the strategic business trajectory of organisations, exerting a profound impact on their ability to

capitalize on opportunities, establish a competitive edge, and navigate challenges, hence emerging as a key determinant of their growth and long-term viability and success prospects (Kulatilaka and Perotti, 1998).

3.1 Porter's Generic Strategies

There exist various frameworks that delineate strategic business expansion approaches. Among them, Porter's Generic Strategies framework stands out as a commonly employed tool that provides organizations with four distinct avenues to attain competitive advantage and position themselves in the market (Lin and Nalin Kulatilaka, 2007; Tanwar, 2013):

1. **Differentiation:** This approach involves offering unique products or services that are perceived as valuable and distinctive by customers. By concentrating on aspects such as quality, design, brand image, or customer service, organizations can set themselves apart from competitors and command premium prices. Successful execution of this strategy demands a strong emphasis on quality assurance, innovation, creativity, and customer-centricity to maintain a unique market position.
2. **Cost Leadership:** This strategy entails becoming the lowest-cost producer in the industry while maintaining acceptable quality levels. Organizations pursuing this approach aim to achieve economies of scale, efficient operations, and tight cost control to offer products or services at lower prices than competitors. The cost leadership strategy is particularly suitable when targeting price-sensitive customer segments or markets.
3. **Differentiation Focus:** In the differentiation focus approach, organizations target a specific niche market segment and differentiate their offerings within that segment. Rather than attempting to appeal to the broader market, the emphasis is on delivering unique products or services tailored to the specific needs and preferences of their niche customers, with the goal of cultivating strong customer satisfaction and loyalty and mitigating competitive pressures from larger rivals.
4. **Cost Focus:** The cost focus strategy, akin to the differentiation focus one, centres on a narrow market or customer segment. However, organizations adopting this strategy prioritize cost leadership within their targeted market or customer segment, directing their efforts towards minimizing costs and maximizing efficiency. In doing so, they seek to effectively serve a niche market with low-cost offerings while maintaining profitability through cost optimization and streamlined operations.

3.2 Ansoff's Matrix

Another notable strategy framework in the realm of strategic management is Ansoff's Matrix. Proposed by Igor Ansoff, this matrix offers a structured approach for businesses to evaluate and plan their growth strategies, categorizing business expansion options into four distinct quadrants (Gurcaylilar-Yenidogan and Aksoy, 2018; Zugay and Zakaria, 2023):

1. **Market Penetration:** This strategy involves selling more of the existing products or services to the current customer base within the existing market. It typically entails efforts to increase market share, such as aggressive marketing campaigns, product promotions, or pricing strategies aimed at attracting more customers or increasing the frequency of purchases among existing customers.
2. **Market Development:** In contrast to the market penetration strategy, the market development one entails expanding into new markets with existing products/services. This approach may involve targeting different geographical regions, customer segments, or distribution channels, with organisations adopting it seeking to capitalise on untapped market opportunities as a means of broadening their customer base and revenue streams whilst concurrently capitalizing on their existing product expertise and brand reputation.
3. **Product Development:** The product development strategy has its focal point on introducing new products or services to existing markets. This growth option necessitates the allocation of innovation and research and development efforts to create offerings that can effectively meet the evolving needs and preferences of customers. By diversifying their product or service portfolio, organisations aim to capture additional market share and enhance their customer appeal, satisfaction and loyalty.
4. **Diversification:** This approach involves entering entirely new markets with new products or services and carries the highest level of risk, demanding significant investment and resources. Diversification can take two forms: related diversification, where the new business is connected to the existing business in some way, or unrelated diversification, where there is no obvious connection between the new and existing businesses. Whilst this strategic avenue offers opportunities for growth and can reduce dependence on existing markets, it requires careful strategic planning and execution to succeed.

The Ansoff Matrix

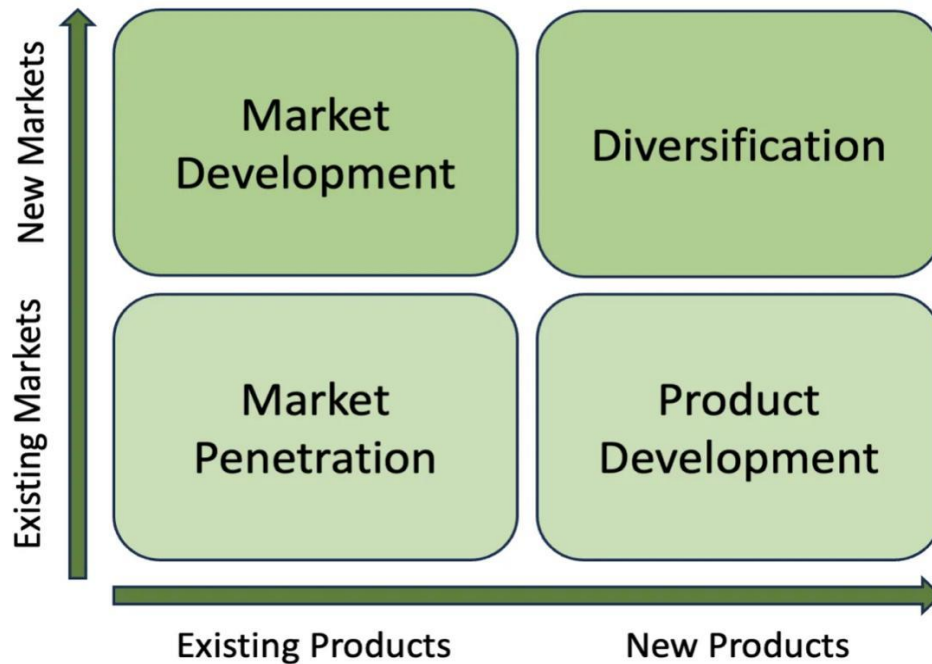


Figure 2. The Ansoff Matrix (Hopkins, 2023)

In the context of Happy Beds, a viable growth strategy could encompass a combination of the differentiation strategy as per Porter's Generic Strategies framework and the market development approach, as outlined in the Ansoff Matrix model. Porter's Differentiation strategy aligns with Happy Beds' emphasis on providing exceptional value and customer satisfaction through a diverse product range, superior quality, and exemplary customer service. By differentiating its offerings in the competitive bed and mattress retail market, the SME can create a unique position for itself, attracting customers who value quality and are willing to pay a premium for it. This strategy can allow Happy Beds to build brand loyalty and maintain higher profit margins despite the presence of competitors in the market (Aaker, 2001; Kegoro and Justus, 2020).

Simultaneously, by adhering to Ansoff's Matrix's Market Development approach, Happy Bed can expand its market reach beyond its current operational regions and capture new customer segments, thereby diversifying its customer base and mitigating risks associated with overreliance on existing markets (Schwartz and Davis, 1981; Haberberg and Rieple, 2008).

By combining these two strategies, Happy Beds can create a robust growth plan that leverages its strengths and opportunities in the market, bolsters its competitive edge and

positioning, facilitates its market expansion and revenue generation and lays the foundation for its long-term prosperity, resilience, and sustained success in the marketplace.

4 Stakeholder Analysis

Stakeholder management constitutes a fundamental facet of organisations' strategic planning, with the optimal understanding of stakeholders' needs, expectations, and influence being a key prerequisite for effective decision-making and strategy formulation (Goodpaster, 1991).

In this regard, the engagement in stakeholder analysis is to be acknowledged as an essential endeavour for discerning the intricate web of relationships, interests, and power dynamics among stakeholders, thereby fostering strategic acumen and organizational alignment with diverse stakeholder expectations (Kivits and Sawang, 2021).

Happy Beds' stakeholders can be categorized into four primary groups: owners, employees, suppliers, and customers. Each stakeholder group wields varying degrees of power and exhibits differing levels of interest in organizational affairs, thereby shaping their respective expectations and engagements with the SME.

Stakeholder	Power	Interest Level	Interests	Expectations
Owner	High	High	Profitability, business growth, return on investment, company reputation, strategic direction	Profit maximisation, long-term business growth and sustainability, positive brand image management, control over company decisions
Employees	Medium	High	Job security, fair compensation, career advancement opportunities, work-life balance, positive work experiences, workplace safety	Competitive remuneration, opportunities for professional development, positive work culture, safe and stimulating working environment
Suppliers	Medium	Low	Timely payments, long-term partnerships, fair treatment, transparency in transactions, stable demand for products/services	Prompt payment for goods/services rendered, clear communication, professional and reliable business relationships
Customers	Low	High	Product variety, quality products, affordability, customer service, transparent pricing, data protection	Diverse product selection, high-quality products, competitive pricing, responsive customer service, fair and ethical business practices

Figure 3. Stakeholder Analysis

The conducted stakeholder analysis underscores the feasibility of the previously discussed proposed growth strategy for Happy Beds, which amalgamates differentiation within Porter's Generic Strategies and market development as per the Ansoff Matrix. Through the pursuit of market differentiation, the organization can augment its offerings' value proposition, enhancing its capability to meet its customers' expectations and elevate their satisfaction and loyalty. This, in turn, will drive Happy Beds' profitability and bolster its ability to effectively operate and manage its relationships with stakeholders (Day, 2012). Simultaneously, market development initiatives will enable the company to expand its market reach and tap into new customer segments, offering growth opportunities for employees, increased revenue potential for owners and fostering deeper connections with suppliers. Ultimately, the implementation of the proposed strategy will contribute to the cultivation of an organizational culture marked by innovation, adaptability, and collaboration, laying the groundwork for sustained growth and enduring success in the ever-changing business landscape (O'Gorman, 2001; Fernandez, 2023).

5 Recommendations

Upon having examined the strategic landscape of Happy Beds, the following recommendations are to be delineated:

1. **Pursue Differentiation and Market Development Strategies:** Consider expanding the product range to cater to diverse customer needs and preferences, and evaluate the feasibility of opening physical stores to enhance brand visibility and accessibility to target markets.
2. **Adopt Agile Strategic Planning:** Embrace an agile strategic planning approach to respond swiftly to changing market conditions, capitalize on emerging opportunities, and maintain a competitive edge in the dynamic business milieu.
3. **Enhance Marketing Emphasis:** Increase focus on marketing efforts to effectively communicate the unique value propositions of offerings, driving brand awareness and facilitating customer acquisition and retention.
4. **Maintain Strong Commitment to Sustainability:** Prioritize the adoption of sustainable practices into all aspects of operations to enhance brand reputation, align with evolving consumer preferences and regulatory frameworks and contribute to environmental stewardship.
5. **Technology Innovation:** Continuously invest in the implementation of cutting-edge technologies that enhance operational efficiency, customer experiences, and competitive advantage.

Conclusion

The current report had its focal point on the exploration of strategic management practices of the SME Happy Beds. The paper examined the company's current strategic direction, conducted a thorough analysis of its external and internal environment, explored its strategic growth options, assessed its stakeholder expectations, and provided key recommendations for its future development. The insights gained from the undertaken analysis are intended to guide Happy Beds in navigating the challenges and seizing the opportunities that it faces, ultimately driving its sustainable growth and success in the competitive market landscape.

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