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Submission date: 19-Jun-2023 12:31PM (UTC+0100)

Submission ID: 209152975

File name: 27670_Angela_Laura_Muntean_ANGELA_LAURA_MUNTEAN_2021775_504408_1832485249.docx
(829.7K)

Word count: 3444

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Strategic management and sustainability

LCBB 6004

Lecturer : Dr Seyed Nasirpourosgoei

**Strategic Plan – Academic Report
Component 1**

1.Executive summary

The administrative and commercial performance of the John Lewis Partnership was carefully examined in this study. It tried to develop a plan that will handle the company's problems and seize its possibilities. An introduction to strategic management and its importance in promoting organisational success was presented in the report's opening paragraphs. It draws attention to the study's objectives, which include evaluating the John Lewis Partnership's existing performance, conducting strategic analysis, and recommending a new growth strategy for the business. An overview of the company, strategic intent, a review of the company's present performance, a strategy analysis, the creation of a strategy, and suggestions are among the elements that make up the report's division.

PESTEL, Porter's Five Forces, SWOT, VRIO, and Value Chain analysis are just a few of the analytical methods that were used to take into account both internal and external environmental assessments. The research provided the company with a strategic plan and a fresh viewpoint. The report's conclusion provided a summary of the most important results and recommendations for the John Lewis Partnership

Table of Contents

1.Executive summary.....	2
2.Introduction.....	4
3.Overview of financial sectors.....	4
3a. Financial Service Sector/Industry.....	4
3b. Structure of the sector.....	5
3c. Nature of the market.....	6
4.Strategic intent.....	6
6.Environmental analysis.....	7
6a. Macro environmental analysis.....	7
6b. Micro environmental analysis.....	8
7.Strategy formulation.....	12
7a. Ansoff's Matrix.....	12
7b. BCG Matrix.....	12
8.Conclusion.....	14
9.References.....	15
Appendices.....	16
Statistical Data.....	16
Market Information.....	16
Company Information.....	17

2.Introduction

An important idea in contemporary business practices ¹² is strategic management, which entails the creation and implementation of long-term strategies and initiatives to achieve organisational objectives and obtain a competitive edge. Organisations must actively adapt to keep up with the constantly changing market conditions, technological improvements, and client preferences. Businesses may handle uncertainty, align their talents and resources, and experience sustained success by utilizing strategic management. This report's goals are to create a plan for creating a strategy and to conduct a critical evaluation of the John Lewis Partnership's management and operational performance. ¹⁹ **The chosen organisation is Barclays Bank. Barclays Bank is a large, international financial institution with its head office in London, United Kingdom.** It serves as a universal bank, providing access to a variety of financial services for individuals, businesses, and institutional clients (Barclays, 2020).

3.Overview of financial sectors

Barclays Bank's goal of being the bank of choice for customers, investors, and employees can be accomplished by offering excellent financial services and encouraging sustainable growth. Their goals could include enhancing profitability, maintaining legal compliance, gaining market share, and fostering client satisfaction (Barclays, 2020).

3a. Financial Service Sector/Industry ¹⁶

A wide range of businesses that provide financial goods and services to individuals, businesses, and organisations make up the financial services sector. It consists of activities such as banking, insurance, asset management, investment banking, brokerage services, and other things.

Barclays Bank competes with other significant international banks in the banking sector, including JPMorgan Chase, Bank of America, Citigroup, and HSBC.

The investment banking industry is dominated by companies like Deutsche Bank, Morgan Stanley, and Goldman Sachs. Allianz, AXA, and Prudential are competitors in the insurance sector.

Suppliers to the financial services sector include organisations that supply technology, legal and consulting services, market data, and other services that support the sector's operations (Mehra, and Singh, 2021).

3b. Structure of the sector

Global Financial Services Market Size:

- ✓ Year: 2020
- ✓ Value: USD 20 trillion (estimated)

Compound Annual Growth Rate (CAGR) of the Financial Services Market:

- ✓ 5-year CAGR: 4.5%
- ✓ 10-year CAGR: 3.8%

Revenue Distribution by Sub-Sectors in the Financial Services Industry:

Sub-Sector	Percentage of Revenue
Commercial Banks	40%
Investment Banks	20%
Insurance Companies	25%
Asset Management Firms	10%
Brokerage Firms	5%

Commercial banks: Offer services like loans, deposits, and payment processing to both consumers and companies.

Investment banks: These companies carry out corporate finance services such as advising clients, underwriting securities, and facilitating capital raising.

Insurance providers: To reduce financial risks, they provide insurance products to both individuals and corporations.

Asset management companies: These companies oversee managing the client's investment portfolios, which may contain mutual funds, pension funds, and other kinds of investment vehicles.

Brokerage firms: These companies assist clients in the acquisition and disposition of shares.

3c. Nature of the market

Market Development: The financial services industry has historically had consistent growth, which is aided by elements including population expansion, economic expansion, and technology advancements. However, the growth rates of various market segments varied.

Global Market Size: In 2020, Statista projects that the value of the world's financial services market will reach USD 20 trillion. Due to the growing acceptance of Internet banking, mobile payments, and other digital financial services, the financial services sector has undergone a significant digital revolution. This process has been accelerated even further by the COVID-19 pandemic.

4.Strategic intent

The company's name is Barclays Bank. In addition to retail banking, corporate banking, investment banking, wealth management, and credit card services, it also offers a wide range of other financial services. Commercial banking, investment banking, and financial services are the three subsectors of the financial sector where Barclays Bank works.

Vision: According to Barclays Bank's mission statement, "To be the leading global financial institution that empowers individuals, businesses, and communities to achieve financial prosperity through innovative solutions, trusted relationships, and sustainable growth."

Mission: The mission of Barclays Bank is to foster financial inclusion, support economic expansion, and deliver top-notch financial services. The bank is dedicated to fostering successful opportunities, conducting business ethically, and building long-lasting connections (Higgs, Price, and Langford, 2022).

Objectives

- ✓ Gain 10% more market share in the retail banking sector during the next three years.
- ✓ Within the next year, raise customer satisfaction scores to at least 90%.
- ✓ Apply cost-saving techniques to achieve a 15% return on equity (ROE) in two years.
- ✓ Improve digital banking services and double the number of customers using online banking during the next 18 months.

5.Strategy Statement

The bank will provide the best financial solutions and build enduring value for its stakeholders. Barclays Bank can focus its efforts and direct its decision-making by establishing a clear strategic purpose that incorporates the vision, mission, objectives, and strategy statement to

promote growth, meet customer demands, and keep up with the competition in the fast-paced financial services industry (Jones, et.al, 2022).

6.Environmental analysis

6a. Macro environmental analysis

Political factors include how the banking industry is affected by governmental stability, laws, and policies. Changes in financial rules and procedures, such as capital requirements and risk management guidelines, can have a significant impact on the bank's operations and profitability. Compliance with regulatory norms is necessary to ensure an open and effectively run financial system. Because of political developments and government actions, banking institutions may prosper in an environment that is conducive to them.

Economical: Changes in the interest rates set by central banks can have an impact on investment choices, borrowing costs, and lending rates. The profitability of the loan and investment operations at Barclays Bank may be impacted by changes in interest rates. Banks may have chances as a result of a nation's or region's general economic expansion. Demand for banking services, such as loans for both individuals and businesses, usually rises during economic booms. Revenue and market share for Barclays Bank may benefit from this.

Social: The way consumers interact with banks and obtain financial services has evolved as a result of the growing use of technology and digital platforms. To compete and adjust to shifting consumer expectations, Barclays Bank must invest in cutting-edge digital banking technologies. The demand for financial products and services is influenced by the demography of the target market. Financial management, insurance alternatives, and retirement planning may become more significant as the population ages. Barclays Bank must adjust its services to meet the changing demands of various demographic groups (Kyeremeh, Prempeh, and Afful Forson, 2019).

Technological: The banking industry has changed as a result of the quick development of digital technologies. To meet consumer expectations and deliver effective and simple banking experiences, Barclays Bank must invest in digital platforms, mobile banking apps, and secure online services. The rise of fintech firms and their cutting-edge products present both possibilities and difficulties for conventional banks like Barclays. Fintech firms challenge the conventional banking model and client loyalty by offering robo-advisory services, peer-to-peer lending platforms, and alternative payment methods. Because of the banking sector's growing reliance on technology, cybersecurity has grown to be a serious issue (Barclays, 2020).

Environmental: As sustainable financial options, green bonds and investments that advance environmental goals are becoming more popular. Barclays Bank might use its position to its advantage and offer sustainable financial products and services that help slow down climate change and promote ethical investing. Barclays Bank must assess and manage climate-related risks in its lending and investment portfolios in order to ensure long-term resilience. Governments and regulatory bodies are enforcing environmental regulations more regularly these days, which has an impact on how financial institutions function.

Legal: Banks are required to follow stringent AML guidelines in order to prevent money laundering and illicit financial activity. Barclays Bank must have efficient processes and procedures in place to identify suspicious transactions, report them, and adhere to AML rules. Given the increased use of customer data for tailored services and online transactions, data protection and privacy rules are essential. Barclays Bank must maintain customers' trust in the security of their personal information and make sure that data protection laws are followed (Damoah, Amankwah, and Bennis, 2020).

6b. Micro environmental analysis

Threat of New Entrants: The threat of new entrants refers to how simple or challenging it is for new competitors to enter the market. The banking industry faces significant entrance barriers, such as high capital needs, regulatory compliance, and established client relationships.

Bargaining Power of Suppliers: Those who provide technology, payment processors, and banking system infrastructure are considered suppliers in the banking industry. There are many providers on the market, thus their negotiating power is rather weak. Vendors with unique competencies, however, might have some negotiation leverage for particular technology or infrastructure solutions.

Consumers' Bargaining Power: Consumers' bargaining power can vary depending on the market sector and type of financial service. Because there are so many possibilities, customers of retail banks frequently have less negotiation leverage. However, corporate and institutional clients may be more powerful negotiators, especially when it comes to important banking services like syndicated loans or investment banking services.

The threat of Substitute Products or Services: Fintech companies, non-bank financial institutions, and alternative payment systems are a few instances of banking industry substitutes. The increased usage of digital wallets, peer-to-peer lending platforms, and investment apps may pose a challenge to conventional banking services.

Competitive rivalry: Barclays Bank must constantly innovate and adopt customer-focused tactics since it competes with both traditional banks and innovative fintech startups (Vakhrusheva, Khaliev, and Pokhomchikova, 2021).

Internal/Firm Analysis using VRIO Framework:

Barclays Bank exhibits a variety of priceless, peculiar, organized resources and capabilities, enhancing its competitive advantage. To offer customers secure and effective financial services, it needs a strong technical foundation. In addition to improving client experience, the bank can streamline processes and handle data more effectively because of its investment in cutting-edge IT systems, digital platforms, and cybersecurity measures. One of the main advantages that differentiates Barclays Bank from its rivals is its technological foundation.

Barclays Bank has developed a reputable brand reputation. Customers have come to trust the bank and remain steadfast in their support because of its dedication to providing dependable and client-centred financial solutions. This reputation serves as a priceless asset for the bank. Another valuable resource is Barclays Bank's talented employees.

The bank has a wealth of intelligent workers who have backgrounds in a variety of banking and finance-related industries. Barclays Bank adheres to regulations admirably. Being compliant with the regulations is crucial for success in the highly regulated banking industry.

Barclays Bank boosts its reputation and credibility in the market by proving its commitment to risk management, moral conduct, and governance through its ability to uphold these standards. The extensive branch network is valuable, but neither exceptional nor special. Many banks have developed branch networks to reach customers and provide specialized services (Phiri, et. al, 2019).

The VRIO analysis for Barclays Bank is provided below:

Resource/Capability	Valuable?	⁹ Rare?	Inimitable?	Organized?	Competitive Advantage?
Technology Infrastructure	Yes	Yes	Yes	Yes	Yes
Brand Reputation	Yes	Yes	Yes	Yes	Yes

Skilled Workforce	Yes	Yes	Yes	Yes	Yes
Extensive Branch Network	Yes	No	No	Yes	Temporary
Regulatory Compliance	Yes	Yes	Yes	Yes	Yes

The Value Chain framework is used to analyze a firm's primary and support activities to identify areas of competitive advantage.

Value Chain Activity	Value Added?	Competitive Advantage?
Inbound Logistics	Yes	Yes
Operations	Yes	Yes
Outbound Logistics	Yes	Yes
Marketing and Sales	Yes	Yes
Service	Yes	Yes
Procurement	Yes	Yes
Human Resources Management	Yes	Yes
Technology Development	Yes	Yes
Firm Infrastructure	Yes	Yes

Based on the analysis, all the value chain activities of Barclays Bank contribute value and provide a competitive advantage.

Internal/Firm Analysis using SWOT Framework:

Category	Factors
Strengths	Strong brand reputation, advanced technology infrastructure, skilled workforce
Weaknesses	Limited presence in certain markets, reliance on traditional banking model
Opportunities	Growing demand for digital banking services, expansion into emerging markets
Threats	Increasing competition from fintech companies, changing regulatory landscape

Barclays Bank has a variety of significant advantages that support the maintenance of its competitive edge. The bank's long history in the financial sector and dedication to providing dependable and trustworthy financial services are two factors contributing to its positive image. This brand reputation, which draws clients and encourages client loyalty, gives Barclays Bank an edge over its rivals.

The bank's knowledgeable staff is another asset. With expertise in a variety of banking and finance fields, the Barclays Bank team is talented and knowledgeable. The bank can offer excellent services, personalized solutions, and effective client support because of its qualified workforce. Barclays Bank also has some drawbacks. One of these is the limited supply it has in various markets. Although the bank has a global footprint, some regions may be out of its reach, which could reduce its market share and growth opportunities. In addition, the bank employs some conventional banking models, which may leave it more open to challenges from emerging fintech businesses that offer cutting-edge, technologically sophisticated financial solutions (Newton, and Barnes, 2022).

7.Strategy formulation

7a. Ansoff's Matrix

Market Penetration: To gain market share, this strategy focuses on already-established products and markets. To strengthen its position in the present markets, develop closer client relationships, and gain market share, Barclays Bank must penetrate those markets. Barclays Bank should be located in the "Market Penetration" quadrant because it wants to expand its footprint in the current markets.

Market Development: With the use of this tactic, present products are made available in untapped markets. Barclays Bank can tap into untapped market potential and diversify its clientele by entering new geographic areas or focusing on new consumer niches. The "Market Development" quadrant would be ideal for this plan as it allows Barclays Bank to consider potential new business prospects (Fute, and Lyimo, 2019).

7b. BCG Matrix

Stars: Market leaders are products with a large market share in expanding industries. This may point to state-of-the-art digital banking options for Barclays Bank which operate in a rapidly growing industry and have a substantial market share. Because of their potential to develop into future cash cows, stars are important. Barclays Bank must allocate resources to maintain and develop its market share in these rapidly expanding markets.

Cash Cows: Products with a sizable market share are known as cash cows in low-growth economies. The primary revenue streams for Barclays Bank are traditional banking services. These services may not have many possibilities for growth, but they generate consistent cash flows and give the bank a solid foundation.

The positioning quadrants for Barclays Bank, according to the analysis, should be "Market Penetration" and "Cash Cows." By exploiting its current market presence and investing in rapidly expanding digital banking technology, Barclays Bank can maintain a strong market position while diversifying its product offerings. With this combination of strategies, the bank will be able to maximize its current market share and assess potential new growth at the same time.

¹⁴ The process of developing and choosing the best strategies to accomplish the aims and objectives of an organisation is known as strategy formulation. It entails examining the company's internal and external settings, developing strategic options, and selecting the best course of action. ¹⁰ The Ansoff Product-Market Matrix is a crucial strategic decision. By considering both new and existing items in both existing and new markets, this matrix aids in identifying growth objectives. ¹⁰ Market penetration, product development, market development, and diversification make up the matrix's four quadrants. Market penetration is the best course of action for Barclays Bank. Barclays Bank may do this through specialized marketing initiatives, client retention plans, and improved client services.

Traditional banking services can be seen as cash cows in the case of Barclays Bank. Traditional banking may not have much room for expansion, but these services nevertheless bring in a lot of money and generate a lot of cash flow. These cash cow services are available for Barclays Bank to use to increase profitability and cash flow (Amoako, and Dartey-Baah, 2020).

The chosen strategies must be in line with Barclays Bank's goals, available resources, and market prospects. By carefully evaluating and selecting the best strategic options, the bank may position itself for ongoing growth and a competitive advantage in the fast-paced financial services industry.

8. Conclusion

From this report, it can be concluded that; This study offers both a suggestion for creating a strategy and a thorough review of the management and operational performance of Barclays Bank. The study identified key elements that have a significant impact on the financial services sector and evaluated the bank's competitive position by considering both internal and external surroundings. Barclays is a leading bank in the United Kingdom, and its long history distinguishes it from the competition. This business has previous experience in its field. Despite having many competitors, this company is still ahead. It is still ahead because it employs a variety of effective strategies that will continue to be effective. One of Barclays' main goals is to become the best bank in the UK (United Kingdom), and based on the moves it has made, such as staff training, technology, and even its decision to go global, it appears to be well on its way to achieving that. Barclays has already achieved success and is aiming for more, which is possible due to its ongoing focus on sustainability. Barclays will set a leadership standard model for other firms using traditional strategy.

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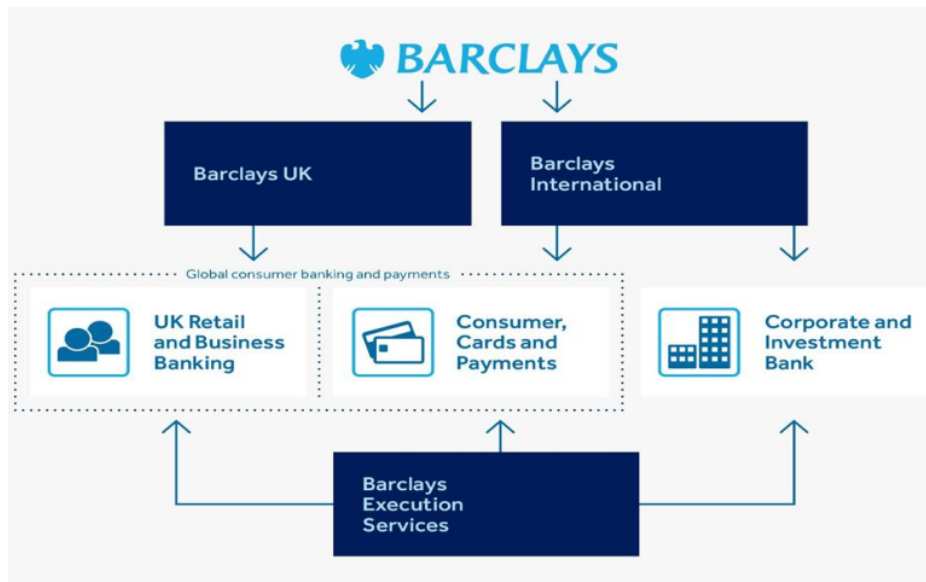
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Appendices

Statistical Data



Market Information



Company Information

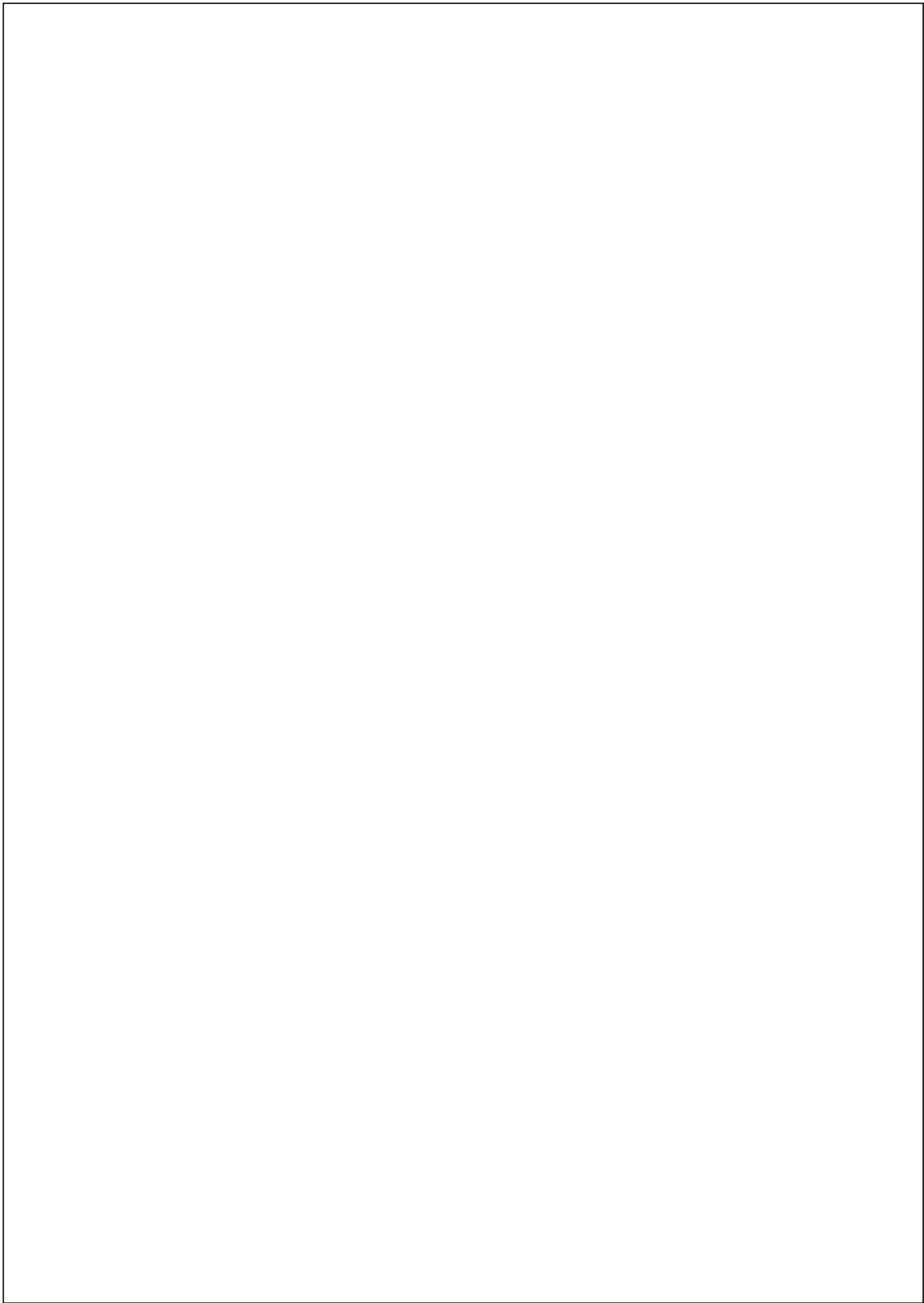
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Our history

Barclays traces its ancestry back to two goldsmith bankers, John Freame and Thomas Gould, who were doing business in Lombard Street, London in 1690. In 1736, Freame's son, Joseph took his brother-in-law, James Barclay on as a partner, and the name has remained a constant presence in the business ever since.

The image shows a historical photograph of three people in a shop. A woman in a blue uniform with a 'BARCLAYS' sash is serving a man in a dark suit and a woman in a brown coat. The man is holding a glass of wine. The woman is holding a basket. The background shows shelves with bottles and a sign that says 'AND IT COSTS YOU NOTHING'.



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