



STRATEGIC MANAGEMENT FOR SMES



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Suhail Miah 1808197

Strategic Management for SMEs

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Lecturer: Paul Bocij



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Contents

Contents	1
Table of figures	2
1.0 Introduction	3
2.0 Current Strategic Direction	5
3.0 Swot Analysis.....	7
3.1 SWOT Strengths	8
3.2 SWOT Weaknesses	8
3.3 Opportunities	9
3.4 Threats	10
4.0 Porter's Five Forces	12
4.1 Supplier Power	12
4.2 Buyer Power	13
4.3 Existing Rivalry	13
4.4 Threat of new entrants.....	13
4.5 Threat of substitutes	14
5.0 PESTLE Analysis	16
5.1 Political.....	16
5.2 Economic.....	16
5.3 Social	16
5.4 Technological	17
5.5 Legal	17
5.6 Environmental	18
6.0 Stakeholder Mapping	19
6.1 Power / Interest Grid.....	20
7.0 Ansoff Matrix	23
8.0 SAF model	24
9.0 New strategic direction	25
10.0 Resistance to change.....	27
11.0 Recommendations	28
12.0 Conclusion	29
References	31

Table of figures

Figure 1 Source: Shake House	4
Figure 2 Source: Zion Market research	10
Figure 3 Porters Five Forces Source: CGMA	12
Figure 4 Power / Interest grid Source: MindTools.....	20
Figure 5 Stakeholder map of Shake House	21
Figure 6 Ansoff Matrix Source: SmartInsight	23
Figure 7 Ansoff Matrix Source: CFI	23

1.0 Introduction

The purpose of this report is to critically analyse and appraise an SMEs current strategic direction using various analytical tools. Environment scanning will be carried out of the business environment. Internal (Micro) factors will be studied by using SWOT analysis will identify an organization's strengths, weaknesses and opportunities and potential threats. External factors (Macro) will be examined by using PESTLE analysis will provide an industry analysis to give an oversight of challenges that are macro factors which is not something that can be controlled but must learn to adapt to. Factors such as political can impact organizations due to change in legislations and taxes for example. Another important tool for macro factors is Porters Five forces which will analyse the competitiveness of the industry the organization operates in and considers many important factors such as threat of substitutes and barriers to entry in the market.

Stakeholder mapping will be looked at of chosen organization to give clarity to who is important to the business related their power and interest level. Using the appropriate tools better understanding and insight of the strengths and weaknesses can be gained in many different areas for the selected organization. Recommendations and conclusions will be provided after detailed analysis for new strategic direction.

About the company



Figure 1 Source: Shake House

Shake House Ltd is a milkshake and deserts franchise based in Birmingham. Having formed in 2015 the organization has quickly opened other branches in quick succession and now operate 9 Shake House branches all located in Birmingham, with further plans to open up new branches in the city. The locations of some of the shops are in Small Heath, Sheldon, Aston, and Hall Green etc. The locations of the franchises are strategically placed in the busy urban highstreets where a there is a large number of shops and people present. The total employees of Shake House is roughly 80 employees.

2.0 Current Strategic Direction

Strategic planning involves identifying the current organization status and to plan a roadmap for long-term goals for the future. Strong strategic planning is the reason some organizations perform better than others and they can focus on the customers' needs and requirements while managing problems and difficulties in their operating environment (O'Reagan & Ghabadian, 2004).

Operational

Shake House has been well regarded by its customers for their services and products. The brand is quickly growing in Birmingham with 9 branches in the area to make it easy to access for local residents. The primary focus is on its milkshakes with few alternatives like smoothies and desserts on the menu. The online presence is minimal, while a website is functional it is very basic and doesn't get much traffic. Instead, orders are mainly from local stores which are supplemented by additional sales on third party services like Just Eat and UberEATS.

The organization aims to grow further and open more local branches but proper environmental scanning needs to be conducted to provide clear solutions and ideas to increase and sustain its competitive advantage. The main challenges of Shake House are operating in a very saturated market with many alternatives from local businesses.

Human Resources

The organization is a family business and hires through close personal contacts. No formal hiring or training process is carried out. This can result in uneven level of qualified staff across its multiple branches. A company guidebook and training process needs to be implemented to create more equally trained employee hire. Many of the staff are part time staff mainly students, while this allows flexibility the issues are majority of staff not sticking long term with the company.

Mission and vision

Goals for the organizations should be concrete and measurable, so employees are also aware of them. Bringing in more clients or to launch a new service can be examples. When organizations launch usually there is some mission statement, goals or purpose of the business. Mission statements focus on the present, what the organizations can achieve or work towards today. A strong mission statement will make the company aims and objectives clear. As part of the strategic planning, it should be clear how to always work towards the mission statement (Mohr, 2021). Vision is the focus of future goals and where the organization

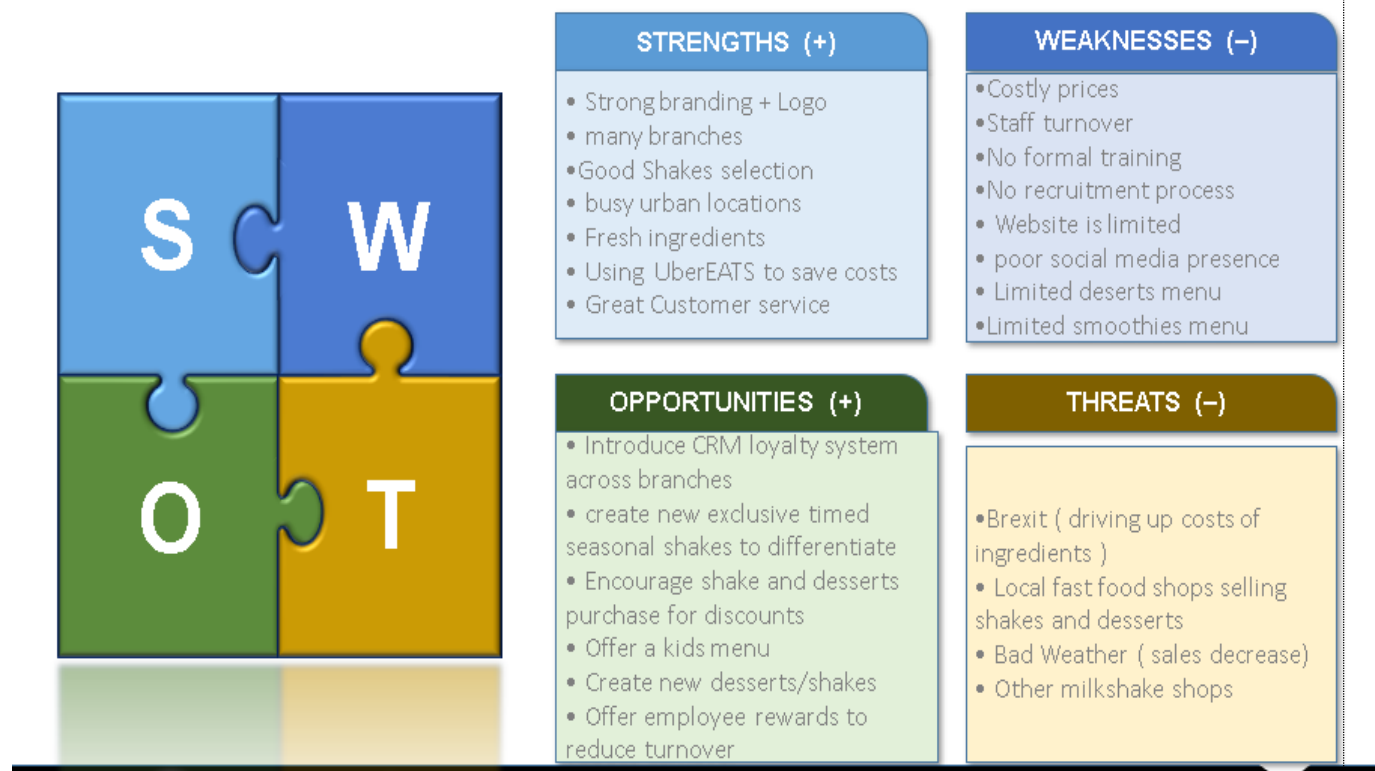
wants to be at in the long term. Having both mission, and vision statements are integral to strategic planning.

At present the organization do not have any mission or vision statement and are reliant upon loyal regular customers. Not having any of these shows a lack of clarity and clear awareness of what the company ultimately wants to achieve in the long run. While Shake House has done well to start in 2015 and operate in 9 branches in Birmingham, having a strategic direction can help shape the future and make plans to sustain its competitive advantage. Mission statements can help employees understand the goal of their organization and how to help achieve that. Research has found a positive correlation link between mission statements and financial performance of an organization (Desmidt, et al., 2014).

3.0 Swot Analysis

An analysis of the internal factors of Shake House will be conducted by the SWOT analysis. It is a tool used to analyse strengths, weaknesses and opportunities and threats in an organization. The strength and weaknesses are internal factors which are factors the organization have control of and can change. Opportunities and Threats fall under external factors, which are outside factors that affect the organization.

SWOT of Shake House



3.1 SWOT Strengths

Shake Houses positive advantages were that they had very good branding and have a lot of branches in the Birmingham area. The shakes on the menu were given good names like “Born in the 80s” and catchy titles based on movies and pop culture. This style of naming the drinks makes people connect with the product and will be more memorable than a traditional name. Customers are more likely to remember “The Elvis Shake” than a generic name. The shake menu is very good with many options and a luxury category for more a premium option for shake connoisseurs.

The organization has strategically placed itself on busy urban shopping highstreets where there are a lot of other shops and people present, this will be a good advantage for visibility and trade. The customer service of Shake House is well regarded by its customers.

3.2 SWOT Weaknesses

Hiring process – no formal training

The company hiring through personal contacts can be an issue as there is no official hiring process. The company likes to hire young adults who are mainly students. There have been many challenges with staff leaving and also not very engaged at work. Lack of formal training is a disadvantage for Shake House as there will be no explicit procedures and policies for employees to stick to. This creates an uneven level of qualified staff across its branches, introducing formal training can help bring others up to speed and it all helps increase reputation of the brand. Being aware of dairy allergens and online training can be given to make staff more knowledgeable about their own products and ingredients. One of the key reasons for the fast-food chain McDonalds giant success is their consistency, no matter what branch customers visit the experience is very similar (Bailey, 2020).

Staff turnover

The branches all stay open late midnight which means late shift patterns and this can be an issue due the reluctance of newer generations not opting to stick with organization long term. The organization hire mainly part time students and perhaps this can be one of the contributing factors. Implementing an employee reward system can help reduce the impact. Having the correct staff to represent the brand is an important aspect, as customers can leave to rivals if proper customer attention is not given.

Expensive shakes

The shakes are often quite expensive but the threat is the location of Birmingham having many restaurants and fast-food shops in the nearby vicinity who also offer milkshakes to be able to undercut them. However, Shake House contains an additional luxury menu and can charge higher prices for their more premium products, but lowering some prices on the more standard menu can help increase competitiveness.

Doing more promotions and offering exclusive offers can help stay competitive. One time or seasonal shakes can help differentiate them from the competition and can attract new customers.

3.3 Opportunities

CRM system

Shake House has got future plans for new branches of the franchise. With new branches brings new customers in from a different location therefore adding a CRM system through use of loyalty points card to increase repeated custom. This will be a good solution to give extra deals and discounts to regular customers, rewarding their loyalty. A CRM system will help boost customer satisfaction which is positively linked with customer loyalty. Customer loyalty leads to positive word of mouth and ultimately leads to generating more profits in the long run (Bhakhane, 2015).

Implement a kid's menu

Creating a kid's menu can be attractive to draw in the younger audience. Creating a cheaper menu for kids can draw in another audience and can lead to more trade. Childhood obesity has become a major concern in the UK with children consuming lot of sugars and junk food (Winson, 2014). Promoting the health benefits of smoothies, such as containing the daily five a day fruit and veg requirements can be a useful way of marketing it.

Catering for events

Expanding the services to include catering for parties, occasions and conferences can help improve the brand. Seeing as the organization already does desserts perhaps increasing the scope and catering for parties and events can be a boost in revenue for the business.



Figure 2 Source: Zion Market research

Expand product range

With the primary focus on milkshakes, Shake House only has 4 different smoothies on the menu, which shows it is very limited and the organization hasn't considered that smoothies are highly popular. Increasing the smoothie range can help draw in more new customers. Considering healthy smoothies can certainly increase the market range and increase the businesses competitive edge versus rivals. The global smoothie market was estimated to be worth 12.6 billion US\$ in 2019 and forecasted to be worth 18.8 US\$ by 2025 with the CAGR (Compound Annual Growth Rate) is expected to increase by 6.6%. (Zion Market Research, 2020)

3.4 Threats

Local rivals – Shake/ smoothie shops, fast food shops, restaurants, dessert shops

The main threats of Shake House are local rivals who also sell milkshakes, smoothies and desserts. There a large number of fast-food restaurants selling milkshakes on the menu which can threaten by drawing customers away with cheaper alternatives. Shake House can expand their product range and include smoothies due to the highly popular demand for them. Including interesting options for many dietary needs such as healthier options, vegan and gluten free options will attract an emerging market.

Brexit

Brexit can affect prices of imported goods by taxes and tariffs and is something that needs to be considered as it would lower profits or lead to further price increases of products. Trade

agreements between countries borders all can have an impact. According to the British Retail Consortium (BRC) 30% of the food consumed in the UK is exported from the EU (BRC, 2020).

Britain imports over half of the fresh fruits and vegetables from the EU bloc, which can cause challenges, if trade agreements do not work out favorably (BBC NEWS, 2020).

4.0 Porter's Five Forces

Macro factors will be analysis for the external environment of the business by using Porter's Five Forces, which is a famous tool for assessing the competitiveness of an organization or industry. The tool helps assess the potential threats, profitability and survivability of an organization. Created by Harvard business School professor Michael Porter in 1979, it is highly regarded and one of the most popular business tools being used today (Porter, 1979).

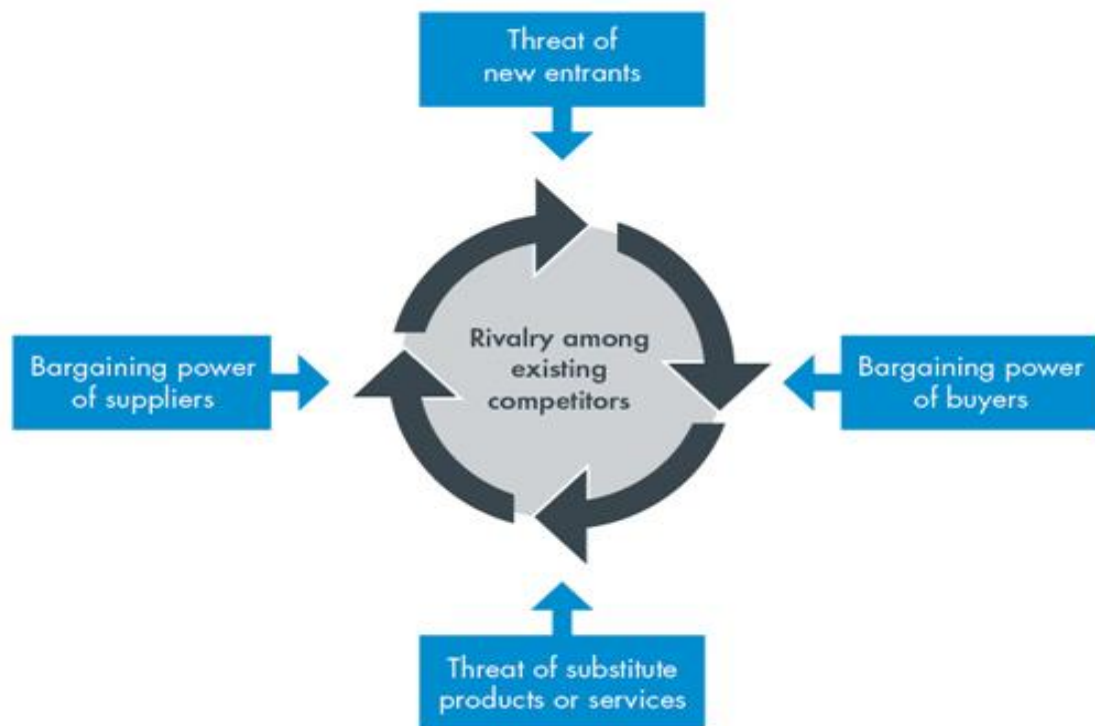


Figure 3 Porters Five Forces Source: CGMA

4.1 Supplier Power

Supplier power considers the chances of suppliers driving up costs which can force organizations to change their business model to adapt. Switching costs are a factor, if rival suppliers are more costly or cheaper this can impact their decisions.

Threat level: LOW

There a large number of suppliers for goods in the area so the supplier power is low, simply switching to another supplier if price increases is a viable choice. As a milkshake, smoothie, dessert business some of the supplies are mainly milk, custard, cream, ice cream, chocolates etc. The ingredients are easily sourced and are able to found from a large number of suppliers, even local shops and supermarkets can become suppliers to the business. Use of more specialized ingredients will shift this threat level higher. When an organization is buying goods from suppliers the ideal is the monopsonist, who is able to source niche goods from suppliers

in highly contested markets with low switching costs and low barriers to entry (Cox, et al., 2002).

4.2 Buyer Power

Buyer power is how much power do customers have to drive prices down. If an organization has few customers, it may force businesses to think about lowering prices to perhaps to increase sales by attracting more customers.

Threat level: MEDIUM

At present Shake House has a loyal customer base due to their unique milkshakes and desserts. The threat of buyer power is medium as there are few milkshake shops in the area and local fast-food restaurants also sell shakes. The organization has to create unique products to differentiate themselves from the other competition. While fast food shops can sell milkshakes at cheaper price, it won't match the more luxury shakes on the menu at Shake House giving them a competitive edge. Creating new signature desserts will provide the company an alternative approach to local competitors as the main focus is currently on the milkshakes.

As long as products aren't closely imitated the loyal customers will return because the shakes and desserts that they enjoy simply can't be found elsewhere for cheaper.

4.3 Existing Rivalry

The current number of competitors on the market needs to be considered. What are the rivals doing differently?

Threat level: HIGH

There are a number of other milkshake and dessert shops in the Birmingham area so this can make rivalry competitive to create new products and offer competitive pricing. Other fast foods shops sell shakes on the menu as well, so care needs to be taken to differentiate from the competition. Shake Houses desserts and luxury shakes are a good example of having something different to the others in the market. The more competition an organization has it becomes increasingly important to innovate and stand out. Product diversification is essential for Shake House to stand out in a saturated market, it can expand customer base through new product lines (Vikas, et al., 2012).

4.4 Threat of new entrants

The threat of new entrants is considering what the current state of industry looks like and what are the chances that new competition will arise and force changes in the current strategy.

Offering a unique or innovative business idea can create challenges to block new entrants in entering market.

Threat level: HIGH

The nature of the smoothie and milkshake industry is that there always possibility of new rivals entering the market. A lot of smoothies and milkshakes doesn't require a lot of complicated equipment and it can be easy for people to set up their own business. Shake House needs to diversify its products and create more exclusives signature items on the menu to simply keep out imitators and competition. Price is a factor to be considered also as competition will aim to be attractive by lowering prices

Due to people becoming more health conscious the smoothie market has simply expanded to cater to many different types of dietary needs. Smoothies largely contain a lot of fruit and veg, contain fiber and has been recommended as part of a healthy diet. Smoothies are now capable meal replacements and provide healthy options over fruit juices which contain large amounts of sugar. Nutritionists and trainers have recommended smoothies to people seeking to lose weight (Mordor Intelligence, 2021). One of the largest smoothie's chain is Smoothie King, who have a very diverse menu targeting the health market. The Smoothie king menu is split up into 5 main options referred to as "blends". The blends are "Get Fit", "Stay Slim", "Be Well", "Take a Break" and "Kids Blends". There are approximately 86 items on the menu and they are customisable (Muinos, 2021). The sheer amount of choice given to the consumer in regards to their health requirements, will keep out many new entrants in the market due to the product line. Shake house can create more nutritious healthy smoothies to help capture the fast-growing healthy smoothie market, which will help block new entrants as it will incorporate new markets in its current strategy and help strengthen the brand.

4.5 Threat of substitutes

Threat of substitute is the act of replacing a product or service with another alternative. This forces organizations to think if their products are unique or inimitable. Pricing can lead to customers switching to rivals in the market, this also lowers supplier power and attractiveness of the market (CGMA, 2013).

Threat: HIGH

The large number of business selling milkshake and smoothies is increasing as it is a very profitable market and expected to grow. The global smoothie market reached US \$14 billion in 2020 is expected to show moderate growth in the next five years (BusinessWire, 2021).

Customers simply have no shortage of options to purchase shakes from as milkshakes can be purchased from rival shops, fast food shops and even supermarket sell smoothies already

bottled up. Creating new signature desserts, smoothies and milkshakes can help mitigate this threat. Shake House only has 4 types of smoothies only, considering that the smoothie market is continuously expanding it will be beneficial to adopt the current strategy to cater to a lucrative market. Implementing a CRM system to reward loyal customers discounts for buying repeatedly can be a good system to implement to lock in repeat custom. A CRM will give greater detail of who the customers are and what their needs and preferences are. Using a CRM system will create more personalized offers which can be sent to customers (Liz., et al., 2003).

5.0 PESTLE Analysis

PESTLE (Also known as PEST analysis) is a commonly used marketing tool for organizations to conduct macro analysis for the industry they operate in. PESTLE is a mnemonic and it stands for political, economic, social, technological, legal and environmental factors.

5.1 Political

Political factors must consider things such as current government policies and what other countries politics may look like. Changes in legislation, taxation and tariffs are all important factors.

Shake House faces challenges due to political policies such as Brexit creating challenges for trade between the EU. Taxes and tariffs can increase costs of imported goods and as smoothies are largely made from fresh fruit, which the UK imports over half of the fresh and veg from the EU which can be problematic. (BBC NEWS, 2020).

5.2 Economic

Economic factors focus on the state of a country's economic status. Considering employment and unemployment rates need to be taken into account. Understanding how globalization may affect the economic environment (MindTools, 2021).

The coronavirus pandemic has hit the economic situation of the country hard with record levels unemployment and businesses struggling to survive. The most recent statistic from January to March (when restrictions were in place) showed that the unemployment rate was at 4.8% according to the ONS. 1 in 20 people who want a job are unable to find one (BBC News, 2021). Shake House will need to be aware of the impact of people having less disposable income and being unable to spend as much as they were able to, which may result in slower trade.

5.3 Social

Social factors look at the current socio-cultural state of the market. Understanding that peoples tastes and preferences can differ depending on the country and areas. Trends and marketing can apply differently in another country or region.

The milkshakes are enjoyed by a wide range of age groups and is very popular with the younger 16-24 crowd. Research shows younger consumers are becoming increasingly health conscious and are towards shifting to healthy eating habits (Gustaffson, 2017). Shake House can accommodate this by creation of healthy fruit-based smoothies, reducing sugar content and creating more choice for the consumer.

Social media websites such as Facebook and Instagram are very popular, Facebook reported having 1.88 billion customers daily during first quarter of 2021. Using the social media

presence can help free advertisements of the brand and provide a platform to easily with its customers (Statista, 2021). While Shake house already does this, the Facebook page is rarely updated and full advantage needs to be taken to draw in more customers and remain a presence to stay connected.

5.4 Technological

The technological factors are the advancements made in technology that can impact the organization.

The increasing use of third-party food delivery apps such as UberEATS and Just EAT has changed the way business is conducted in the food industry. These food platforms enable a larger reach by reaching more customers than usual. The customers who use these apps can leave a review, which is free advertising for the organization and can increase visibility on the platform. Exclusive deals are provided occasionally on these platforms to encourage more purchases which benefits both seller and buyer. Both Uber and Just Eat use their own drivers to deliver which allows the business to save money by not requiring extra staff, as commission is deducted from the order. Due to the pandemic these services have increased even more in popularity and many restaurants would not have survived during the restrictions without these food service platforms (Britcher, 2021).

Prior to the Covid-19 pandemic the use of technology in restaurants were very limited. Only 8% had tablets and 10% used QR codes to place orders. According to Lumina research this has shot up to 250% increase use in QR code usage as a result of pandemic restrictions. Increasing use of technology is seen as the way forward as there is less room for error and smoothly provide a click and collect service (Scott-Delany, 2021).

5.5 Legal

Laws and legislations must be abided by and failure to do so can result in huge penalties and closure. For e.g., safety laws, employee laws, and environmental laws.

The dietary needs of customers must be considered as it is a huge legal obligation of organizations. Failure to do so can lead to devastating consequences such as the Pret A Manger incident in 2016, when a teenage girl died, due to poor information displayed about allergens. As a result, Natasha's Law was introduced to food makers to display all ingredients and allergens on products being sold in stores (Gov UK, 2019).

The government incorporated a sugar tax on fizzy drinks in 2018 to deter people on purchases as it is bad for health and leads to obesity and type 2 diabetes. This can easily apply to the milkshake, smoothies' market as it is full of sugar, reducing the content and providing healthy

versions will be the way forward to avoid the negative aspects of these laws. Soft drink manufacturers have been made to pay 18p to the treasury for drinks containing more than 5g of sugar per 100ml and 24p for drinks containing more than 8g sugar per 100ml since the law came into effect (SKY News, 2021).

5.6 Environmental

Environmental factors such as the surrounding environment. For business environment things like weather, climate, geographical location and environmental offset etc (PestleAnalysis, 2020).

Considering the impact, the smoothie market makes on wastage of plastic cups and straws it has a large negative impact on the environment. Naked Juice has become the first company since 2020 to create bottles made from 100% recycled plastic across its juice and smoothie range to provide a more sustainable packing and lessen its carbon footprint (F&D Technology, 2021). Shake House can look into ways of conducting business that is more greener and environment friendly. Using paper straws and cups can help reduce plastic waste on the environment.

6.0 Stakeholder Mapping

Recognizing who the key stakeholders are in an organization provides organizations the ability to understand clearly what their expectations might be. Mendelow (1981) has suggested that stakeholders all have different requirements and needs. Therefore, utilizing a system called the Power/Interest grid (also called Mendelow Matrix) can assist in providing a clear overview of who the important stakeholders in an organization and how to prioritize them based on their level of power and interests (Mendelow, 1981).

Benefits

Identifying the stakeholders early will help shape the project from an early stage. The most powerful stakeholders can provide support to the business. Gaining the support of key stakeholders simply means more time, money and resources to help make the project a success. Understanding the stakeholders can allow organizations predictions on how important stakeholders may react as the plan advances, this means being able to adjust plans to keep the stakeholders satisfied (MindTools, 2021).

6.1 Power / Interest Grid



Figure 4 Power / Interest grid Source: MindTools

The Power/interest grid (aka Mendelow Matrix) shows how key stakeholders need to be managed based on their power and interest level in the organization.

High interest and High power

This group would need to be managed closely and require full engagement and great effort to keep satisfied.

High power, low interest

This group of stakeholders must have enough communication to keep satisfied, but not excessive to prevent boredom.

Low Power, high Interest

These stakeholders have low power but high interest in the organization. These stakeholders must be kept informed.

Low Power, low interest

Those with both low power and interest should be monitored but not given excessive information as they are the least interested group.

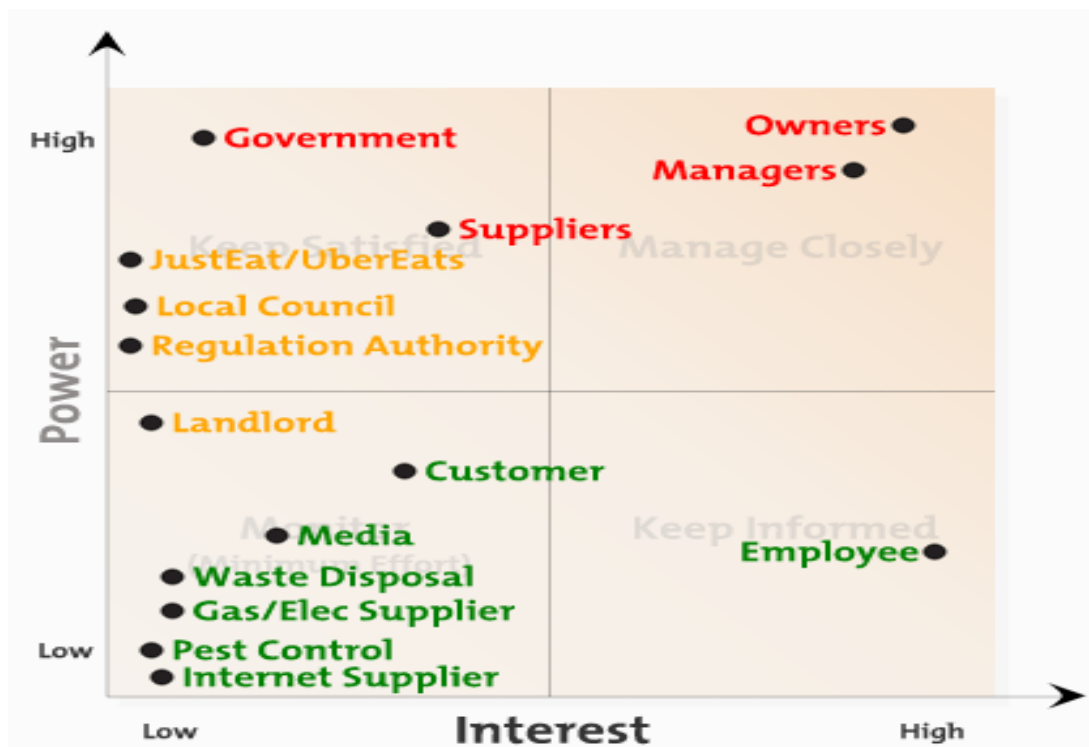


Figure 5 Stakeholder map of Shake House

The above map shows the power/level interest of the important stakeholders of Shake House. The stakeholders with the highest power and interest were the managers and owners, so it is crucial to manage closely and keep close contact. The owners have the most power as they control how the business is run.

The Government is an important stakeholder with high power but low interest in the business, therefore they would be kept satisfied and abiding by all the rules and regulation.

Landlords of the business do not have huge power and do not have a huge presence on the business as long as the payments are met and property stays in good state of repair.

The low interest and power stakeholders are the external services Shake House would need like waste, disposal, pest control, gas and electricity suppliers and internet suppliers. They have minimum impact on the business and just need to be monitored but without too much information being given. Customers do fit this low power category but because all customers are different it is hard to gauge their interest level. Customers do not need to be kept closely informed but it can be a marketing strategy to inform them of new offers and promotion.

Employees need to be kept inform of any changes of the way the organization is being run in order to better comply with the rules or vision of the company. Third party companies such as

UberEATS and Just Eat can have medium-high power due to making the business visible to a larger audience, which without the partnership the trade will be much lower.

7.0 Ansoff Matrix

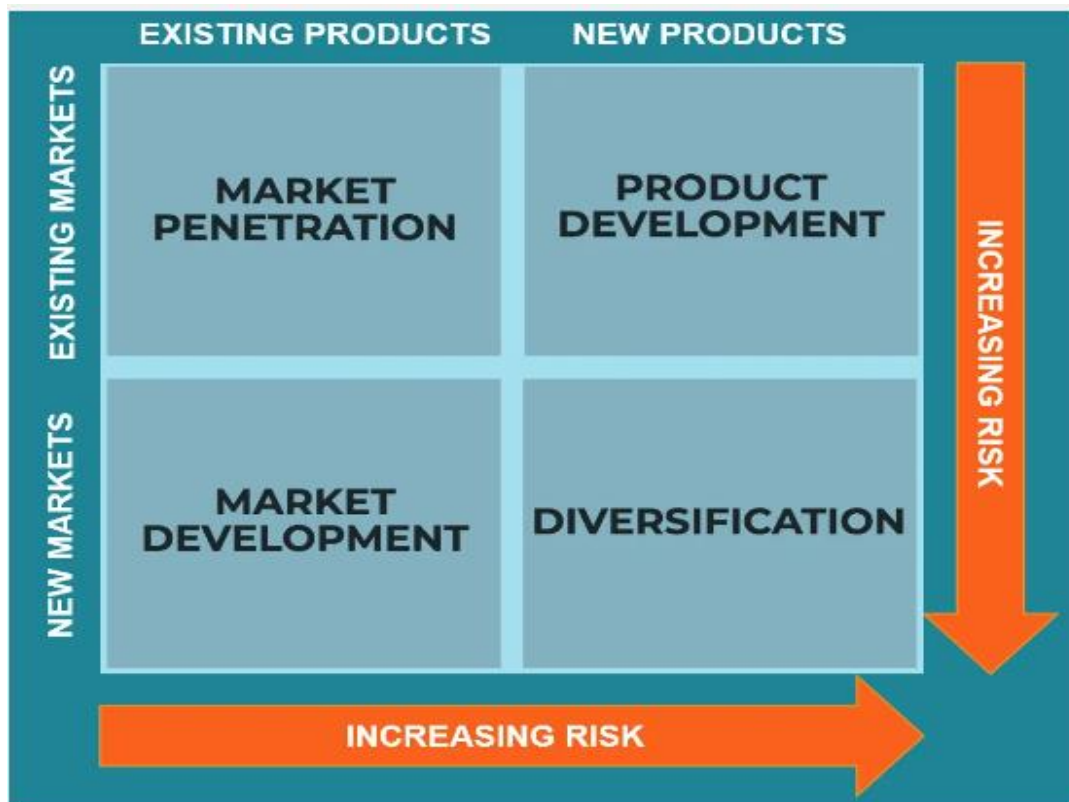


Figure 7 Ansoff Matrix Source: CFI

The Ansoff Matrix created by Igor Ansoff gives organizations four different approaches to organizational growth with an overview of the varying degrees of risks attached. (Ansoff, 1957)

The 4 choices are:

1. Launching an existing product in an existing market known as **Market Penetration strategy**
2. Launching a new product in existing market called the **Product Development Strategy**
3. Launching an existing product in a new market known as the **Market Development Strategy**
4. Launching a new product in a new market is the **Diversification Strategy**.

8.0 SAF model

When deciding on a strategic direction using the SAF model can help assess the available choices to assist decision making. The SAF model has 3 categories Suitability, Acceptability and Feasibility. Suitability is the most important factor to assess whether the strategy will fit in the realm of what the company expects to do. Acceptability considers the risk and returns, stakeholder responses from a certain strategy. Feasibility is the crucial element of the SAF model, whether organizations have the resources and power to carry out the desired outcomes. Finances need to be assessed in detail whether it is financially viable to implement the strategic direction (Johnson & Scholes, 1997).

The decisions generated from Ansoff matrix have been put into the SAF model to give better analysis and decision making.

SAF (from 1-10)	Strategic Options		
	1. Market Penetration	2. Product Development	3. Diversification
Suitability	8	9	6
Accessibility	7	9	6
Feasibility	8	8	5
	23	27	17

The decisions were rated on a scale of 1-10, with 10 being most important and one being not important.

9.0 New strategic direction

The current existing strategy is simply focusing on the same menu across all its branches and relying on selling their own milkshakes. The SAF model shows that option 2 is the best strategic direction of launching new items on the menu such as desserts, shakes and smoothies in its existing branches. This strategy falls under product development strategy as it would be simply an expansion of the products offered on its menu, with a small-medium level risk. The current customer base will gain new products to try and with the possibilities of attracting new customers to the organization. Increasing the product range can create new clientele and generate more profit. Healthy smoothies can be implemented to cater in its current locations as a trial run basis, without replacing its current business operations. While it is launching new products in its existing area, it is simultaneously targeting a new market within its current locations. While the market penetration strategy scored closely on the SAF model, it should still be considered that better market penetration help sells the existing products in the existing markets. Implementing a better marketing strategy enables best integration of the two decisions. Diversification was seen as weakest choice as it is simply launching new products in unproven markets and is a large financial risk and this can only be considered after huge success of the new products which will create a stronger brand for Shake House. The struggle of SMEs is that eventually financial obstacles can restrict and affect the growth options of the business.

Mission and vision statements

Incorporating a clear mission statement and vision will help the organization in the future to have a clear goal of what it wants to achieve. Empowering its employees to achieve the mission will help strengthen the identity of the brand and help sustain competitive edge. The proposed mission statement is

“We aim to provide a warm and friendly first-class service and deliver lovely shakes and delicious desserts to our customers. At Shake House we want you to feel at home in our cozy environment and enjoy the lovely treats we have for you sweet toothed folks”

Proposed Vision Statement

The goal is to be the biggest provider of smoothies, shakes and desserts in the West Midlands area by 2031.

The proposed mission statement provides a clear objective for Shake House to work towards both for the employees and management. It is clear to understand from customer point of view as well. The vision statement shows the ambitious goal of what the organization seeks to grow and become the largest supplier of milkshakes and desserts in the West Midlands region. The

organization can use this mission statements to implement the steps for desired growth and expansion.

Human Resources

Its current human resource strategy is hiring through personal contacts, this is not the best possible way as there is no assessment of individuals strengths. Hiring through job websites can give a large number of candidates to choose from with more strengths to create a better workforce, which represent the Shake House brand. Staff training can be provided to help improve customer service.

10.0 Resistance to change

Employees not on board with the decision

Employees may not be fully onboard with decision of management to expand the business by introducing new varied menu, this could be because it may create more work and change the current way of working. Being aware of all the new items and being able to fully understand to answer any customer queries may cause resistance.

Rivals increasing competition to close gap

Rivals can react to the business's new directions with new ideas of their own. In business being aware that others may attempt to combat company presence in an attempt to gain market share. Being aware of new emerging market and trends can help companies innovate and adapt.

New systems – employees reject ideas

Introducing new machinery and equipment requires more training to operate smoothly, this may cause employees to reject new ideas. Managers need to train the personnel and listen to any concerns to bring them on board with the new direction.

Management/ Owners

Owners and managers can be stubborn to change anything and try something new, and unknown, sometimes the status quo is seen as safe and comfortable.

11.0 Recommendations

The recommendations for Shake House to implement are outlined below.

1. Health market

Shake House should introduce more healthy smoothies and expand smoothie range overall. The process of expanding product range should be reviewed occasionally competitors are adding new products to the market all the time it is important to alert to what rivals may be doing in order to compete.

2. Incorporate staff training

The staff at Shake House do not get any formal training. The legal implications of not adhering to food and safety laws can be disastrous and damaging to the brand. Providing food, hygiene, customer training can all improve the personnel at Shake House and make them legally compliant.

3. Clear mission and vision

Shake House should adopt a mission and vision strategy to help clear understanding of what the company wants to achieve and what it wants to provide to customers.

4. Increase social media presence

Increase social media presence to reach more customers also communicate with existing ones. In the digital age large number of organizations have successfully incorporated social media as part of its digital marketing strategies. This is largely free and easy to set up, taking advantage of the sheer numbers of people on social media everyday can help advertise the brand.

5. CRM system

Implement a CRM system to reward loyalty across its many branches. Having a loyalty system will help foster better relationships between the organization and customer, creating more trust and increasing loyalty.

12.0 Conclusion

An analysis of current strategic direction was looked at of Shake house with suggestions to made for improvements. The absence of vision and mission indicated that the organizations long term goals weren't made clear and it was primarily surviving on a loyal customer base. New vision and missions' statements advised will help long term planning of the brand with a long-term goal of the organization.

Many different environmental scanning tools were used to analyse an organizations environment of operation. The SWOT analysis showed that the internal factors such as strengths of Shake Houses were good branding, customer service and unique menu. PESTLE showed some of the external factors that can affect Shake House. Political factors such as post Brexit trade agreements will have an impact and affect the prices of imported goods.

The changes in people becoming more health orientated has changed peoples eating habits, the health smoothy market is a very lucrative market in the US led by brands such as Smoothie King, Bolthouse farms and Jamba Juice etc. Taking note of these emerging markets that is currently growing will help Shake House compete in new markets in the smoothies, milkshake industry.

Technological advancement showed that customers adopt the use of a delivery platform such as UberEATS and Just Eat when ordering food, this means that using these services is essential to make organizations reach a larger audience. Porters five forces has found that the competitiveness in the milkshake, smoothie industries is high, with it being a saturated market organizations must take note to diversify to attract customers. Stakeholder mapping showed that the important stakeholders with high power and interest need to be managed closely. Low interest stakeholders didn't require much information but to be monitored occasionally.

The Ansoff matrix allowed various strategic directions to be explored, to consider the growth of a company and the risks associated with the decisions. The SAF model further assisted the decision making providing a comparison on the realistic options for the organization are. By implementing a new strategic direction at Shake House, it allows planning of the roadmap to long term organization growth. The chosen strategy was to simply introduce new products in its existing markets as it was lower risk than launching in completely unknown territory.

While some strategic decisions were explored it does not guarantee that everything will be successful as operating in a highly competitive saturated market will for sure be a battle to gain market share. In any industry to survive an organization needs to innovate and continuously adapt against its rivals to sustain its competitive advantage.

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