

LEVEL 7 ASSESSMENT SPECIFICATION

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BUSINESS REPORT

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Oceans of my heartfelt THANKS to Prof Peter Fong's teaching and inspirations.

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Executive Summary

Dyson Company Limited, one of the fast-growing UK's consumer electronics companies, would like to expand their current business operation in Asia. Taipei is the chosen location given its high sales potentials. A holistic and systematic approach of various empirical analytical tools and frameworks of internal (McKinsey 7S, 5Ps Marketing Mix, VRIO analysis) and external audits (5 external forces) are utilized for the strategic formulation (SWOT) and selection (MECE, Costs & Benefits). Implementation barriers and strategies to overcome the barriers (MIT FAST) will be discussed and recommended.

Keywords: Dyson, Strategic Planning, McKinsey 7S, 5Ps Marketing Mix, VRIO, SWOT, MECE, Costs & Benefits, MIT FAST, Strategy development, Strategy implementation

1 Background of Dyson Company Limited

1.1 Company Introduction and its Brief History

Dyson Company Limited, is currently a global technology company, founded in 1991 which was developed from a backyard workshop set up by Sir James Dyson in 1978 in Britain. Similar to many other legendary technology company, Dyson began as one man in a coach house in Wiltshire, nowadays, Dyson is currently the fastest-growing consumer household electronics company in the United Kingdom (A. Shipilov, 2019).

There was a time when all people knew Dyson for was vacuum cleaners and they are the sole vender in early 1990s and later on it has become the market leader (A. Shipilov, 2019). It has now transformed into a over 10,000-strong global technology company with over 4,500 engineers spanning multiple product categories and over 65 countries. Over 340 Dyson retail stores and shops had been opened and Dyson is still expanding. Instead of staying in the United Kingdom, Dyson plans to relocate to the 110,000-square-foot St James Power Station in Singapore in the near future as its new global headquarters. The move is expected to boost the company's research and development capabilities, as well as its technical footprint in the Republic. Despite the hurdles provided by the Covid-19 epidemic, Dyson reported a 6% revenue increase to £5.7 billion for the full year ended December 2020, up from £5.4 billion the previous year.

Although the scale of the business is enormous and developing at a light-speed, Dyson remains as a family-owned business instead of listing to public. In every James Dyson's letter to their internal employees, the first sentence in the body of the letter must be **"Dyson is a family business"**, which it is one of the most essential strategies which Dyson's family is fencing for.

To cite Sir James Dyson,

*"This allows us to **believe in what we do and do it dogmatically**, even if the return takes years to materialise. We can take risks, fail and then try again **without worrying about pleasing shareholders**. We can invest in talent, new materials, and ideas that people laugh at."*

Nowadays, the company has turned Sir James Dyson into a multi-billionaire (Beard, 2010).

1.2 James Dyson's Story

Sir James Dyson is called as “UK-Steve Jobs” in consumer electronics industry. He is the sole family owner of the eponymous Dyson Company Limited, while he is also the driving passion at the heart of everything at Dyson. He invents by putting function first, with an engineering mindset. However, he also cares about making products beautiful and aesthetic, thanks to his roots as a designer with the study in an art school in London (A. Shipilov, 2019). Because of his philosophy, tenacity and invention, he founded Dyson.

Sir James Dyson is recognized as a “passionate and crazed inventor” by his employees, while he has described himself as a problem solver and is the Chief engineers of the company, who invents products that really improve people's lives.

Back to 1978, Sir James Dyson was dissatisfied with his vacuum cleaner's deteriorating efficiency due to dust and debris accumulating in the dust bag, causing the suction power to decline. Thus, he had given up all the other things and had set up the one-man band workshop at the backyard of his house in Wiltshire. Since then, he set to work and had spent five years and 5,127 prototypes between 1979 and 1984 (on average, other consumer electronics was around 100 prototypes only) before he launched the world's first dual cyclone bagless vacuum cleaner by the disruptive technology of separating dust particles from the air using centrifugal force at high speed.

With the 20 years of development, Dyson is no longer just a vacuum cleaner business and it is now a technology company. Dyson has developed its current presence in 5 different categories:

- (i) Floor care – Cordless Vacuum Cleaner
- (ii) Environmental Control – Bladeless fan, Bladeless heater and Air Purifier
- (iii) Hair Care – Hair Dryer (Supersonic), Hair Styler (Airwrap) and Hair Straightener (Corrale)
- (iv) Hands Dryers – Airblades, and
- (v) Lightings – CSYS

Through the history of Dyson, Sir James Dyson's values and ideas have permeated through every aspect of the business, since what prompted him to start the business.

1.3 James Dyson's Dedication to Engineering Educations

Sir James Dyson has still been giving back to the community through philanthropy. The James Dyson Foundation, a non-profit organization dedicated to inspiring young people to think differently, not be afraid to make errors, invent, and realize their engineering potential, comes into play here. Medical and scientific studies are also supported by the James Dyson Foundation.

Unlike the United States of America, the United Kingdom lacks engineer training through the educational system based on its heritage and culture. James Dyson is working to address the growing engineer shortage. When he protested to the United Kingdom Minister of Education about the lack of engineers, he was advised to build his own university. So, in a flash, James accomplished his goal, and the Dyson Institute of Engineering and Technology was founded. The candidates meet the standards for admission to Oxbridge.

2 Key Problem Statement for Expansion in Asia

During the dawn of the business development, the sales of consumable dust bags for vacuum cleaner in Europe was the core truck of business based on the “Razor and blades business model” in early 20th century (M. Richard, 2001). This brought Dyson a lot of hard time although the technology was great, however, it hurt the benefits of many existing competitors and the affiliated retailers and distributors as well. When Dyson finally was able to tap into the Asian market with Japan as the first stepping-stone, the legend of Dyson was secured.

From that point onwards, Dyson has aggressively developed its business in North Asia, including Hong Kong and Taiwan, then South Korea and finally landed in China via distributorship model, however, business model still has rooms to improve in its expansion in Asia. As of today, only South Korea and Hong Kong has its own direct business. The city to be focused on this research will be Taipei.

The current mode of operation is sole distributorship model through a local Taiwan-based distributor called Heng Leong Hong. The current key issue is the “Distributorship model” lacks of direct branding equity control, as well as not sufficient penetration and distribution. To expand their current business operations in Asia, the strategic option for expansion in Taipei will be setting up a direct Dyson ownership office with its own talents, supply chains and local retails operations.

Strategic internal and external audit, appropriate strategy development and selection methodologies, strategic suggestions, as well as implementation challenges and ways to overcome them, will be explored in the report's subsequent sessions.

3. Internal Audit

According to David & David's <<Strategic Management, A competitive Advantage Approach, Concepts and case>>, the concept of “Strategic fit” is that an organizational structure has to match with its strategies, in order to formulate an effective implementation plan and achieve the strategic objectives (David & David, 2017).

3.1 Organization Structure and internal strategy

“McKinsey 7S Model” is now one of the most frequently used organizational design tool for strategic planning, which it is developed by McKinsey in the 1980s to analyzes firm's organizational design by highlight human resources (Soft S) as a means to increased organizational performance, instead of focusing on the conventional mass production tangible assets, such as, capital, CAPEX, equipment, or factory, etc.. (Peters & Waterman, 1984)

The “7S” in the model refers to (i) structure, (ii) systems, (iii) skills, (iv) staff, (v) style, (vi) shared value, and (vii) strategy. The model's main idea is that all 7 sectors are interrelated, if they are aligned effectively, this can facilitate the organization to achieve the business goals and implement new strategies. They can be classified as soft and hard aspects:

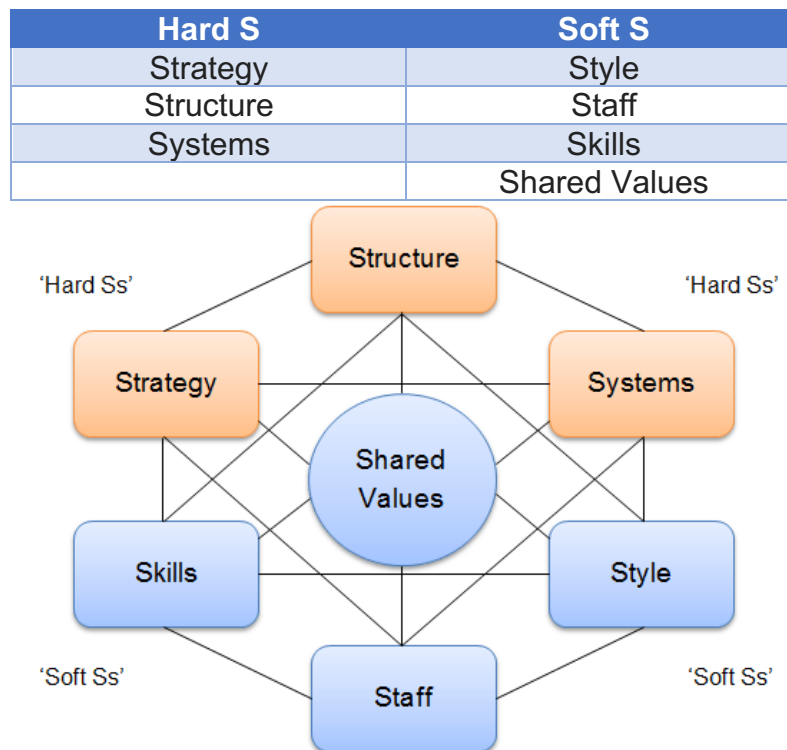


Fig. 1: McKinsey 7S Model (adopted from <https://strategicmanagementinsight.com>)

3.1.1 Structure

Structure refers to the company's organizational chart. It specifies how company divisions and units are arranged and offers information on who is responsible for what.

Dyson has a matrix organization structure, global function teams and local operations team, where the global function team of Group level will be based in headquarters and local teams based on the respective markets.

Two headquarters: Commercial headquarters in Singapore and R&D headquarters in UK

The commercial headquarters is now relocated to Singapore with a new 110,000 sq ft office in the St James Power Station in Singapore. Lee Hsien Loong, the Prime Minister of Singapore, has also attended the grand opening in Mar 2022. Its R&D headquarters which the software and technology development remain in Wiltshire campus sites at Malmesbury and Hullavington Airfield in Britain.



Photos 1 & 2 : James Dyson, left, with Lee Hsien Loong at Dyson's launch at the St. James Power Station in Singapore on March 25..Photographer: Bryan van der Beek/Bloomberg

Functionally, Dyson has divided into 10 functions as below, each of them has a C-suite head to lead the global teams in the Group level which all reports to the Chief Executive Officer (CEO). All of them, except the Chief Engineer (Sir James Dyson), are based in Singapore's commercial headquarters. Functional teams are responsible to lay down the guidebook and strategies to be cascaded to local regional and area levels. All the local executions have to align with the global caveats and guidelines.

- (1) Research, design and development ("RDD") (in Britain)
- (2) Commercial and Marketing
- (3) Financial
- (4) Legal
- (5) Operations
- (6) Human Resources
- (7) Information Security
- (8) Sales and Market Development

Research, Design and Development (RDD) is the core competencies of Dyson which all the engineers are under this department. In order to help to protect the innovation ideas and let the engineers stay independent-minded, although from 2016, Malmesbury R&D headquarters began doubling its footprint with an ambitious new expansion to Hullavington, Dyson has also invested heavily in their **RDD spaces globally**:

Malaysia - Dyson relocated production from Malmesbury to Malaysia in 2000 in order to be closer to their supply chains and expand internationally. The modest staff of ten has expanded to over 1,000 people, making it Dyson's second largest office. It houses RDD, IT, Operations, Finance, Creative, and HR and is located in Johor's industrial heartland.

Dyson's plans to introduce 100 new machines in the next four years include the RDD facility. Dyson has extended the site to 30,000m², adding 50 advanced technology labs and 700 more engineers to accomplish these goals.

Singapore – Since 2004, Singapore has served as an Asian centre for sophisticated manufacturing. Dyson's rapid regional expansion has been supported by this, as well as a knowledgeable workforce and world-class logistics infrastructure. More than 1000 Dyson staff now work across three locations. Singapore's Singapore Technology Centre is a

brand-new, cutting-edge technology cluster. West Park is home to the advanced manufacturing center. Fusionopolis is the sales and marketing headquarters.

Dyson's new Technology Centre in Singapore, with a £330 million investment, began construction in February 2017. The new facility has cutting-edge development labs that bring together cutting-edge hardware and software knowledge, and it is located right adjacent to the National University of Singapore, in the center of Singapore's start-up sector. The new Centre's engineering teams, as well as the new commercial headquarters, will focus on developing future technologies.

Shanghai Tech Centre – opened in May 2017, houses 50 engineers supporting roles specialising in connectivity, programming, quality and reliability, specifically in the Chinese market. This also marks an important milestone of **the rise of China factor**. However, also due to the **fear of China**, James Dyson decided to move out all the manufacturing sites from China since he had a bad experience about the systematic leakage of IP to China partners before during the first batch of bladeless fans productions.

Bristol and San Francisco – 2 very small offices where a lot of Dyson's software developers are based. Both Bristol and San Francisco are hubs for software development talent so it's important we have a base there.

Local Operations:

Under the Sales and Development, Dyson divided the markets by regions and areas and have a regional president overseeing the regional and local operations, they are mainly responsible to the local operations' profit and loss, market share and sales revenues targets, as well as the e-commerce platforms and brick-and-mortar retail stores operations. The local staffs under regions and areas will report functionally to their function management in the commercial headquarters. Dyson is divided into below regions and its active areas (stated in brackets):

- (1) North Asia (Japan, South Korea, Greater China: Mainland, Hong Kong and Taiwan)
- (2) Southeast Asia (Singapore, Thailand, Indonesia, Malaysia) + India + Australia
- (3) North America (Canada and USA)
- (4) South America (Mexico)
- (5) Europe
- (6) Middle East (Dubai, Turkey)

3.1.2 Systems

Systems are the company's processes and procedures that disclose how decisions are made and how daily tasks are carried out. The section of the company that determines how business is done is called systems, and it should be the primary focus during organizational change.

Inside Dyson, Engineering team is on the top of every decision-making process, unlike some other companies which might be commercial and sales teams. If there is any conflict between teams, Engineers' decisions will be the terminate and final ones.

Echoing to the structures, every year, the functionally teams sitting in the commercial headquarters will set up the "Blueprints" and "Guidebooks" in each function and product

categories after aligning with the board members and Dyson's family. Local teams will derive their local implementation work plans accordingly.

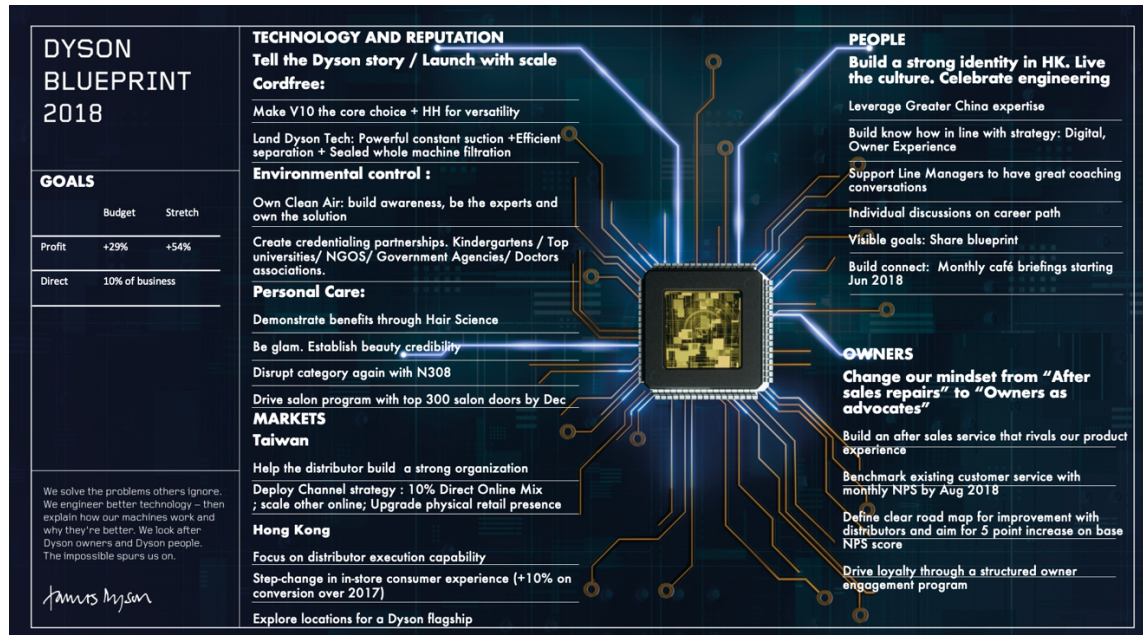


Fig 2: Dyson Blueprint sample (From Group to local market)

Local operation teams remain absolute freedom to make the implementation and execution decisions on daily operations level unless there are conflicts with the group level's guidelines. In case of having any ambiguous areas, local market can raise to each function of the group during the monthly working calls and global teams will step in. On quarterly basis, local operation teams can seek for the supports from the global function team, for example, new product launch events which might need the engineers from global team to support for local functions.



Photo 3: Global engineering team support the local training event in South Korea

Taipei current local operation:

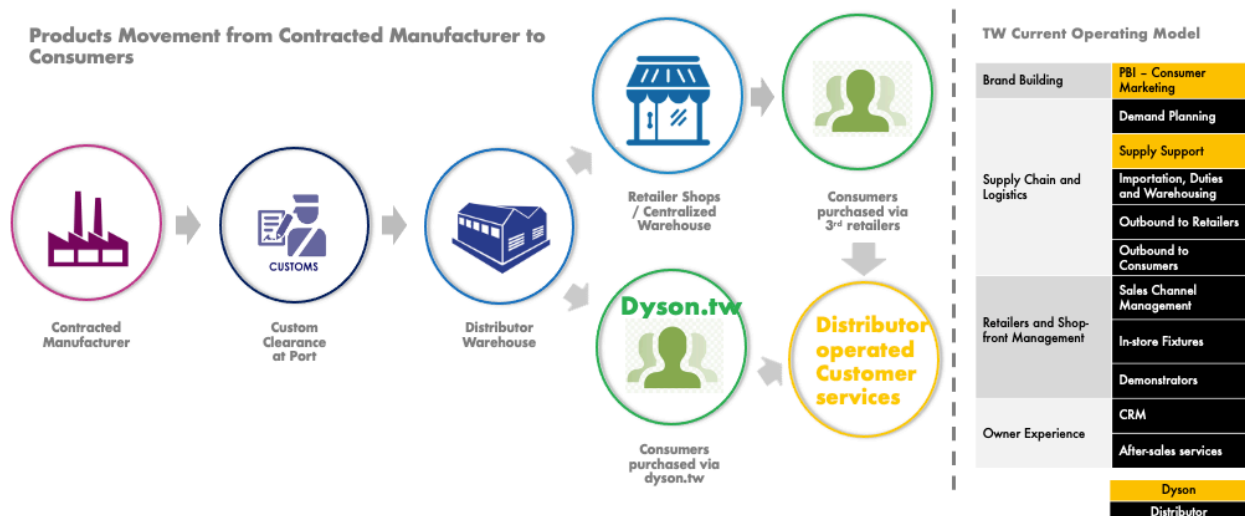


Chart 1: Existing Dyson local operation model in Taiwan

The existing operation model is through sole distributorship where Dyson's only provide supply chain support for the goods and delivered at the port with a CIF logistics terms. After custom clearance, Dyson has transferred all the legal liability to the local distributors. The other support which Dyson can indirectly influence the local operations is through the consumer marketing guideline and transcreation from English to local Taiwan traditional Chinese language, which means Dyson does not have any control over its brand equity.

3.1.3 Skill

The abilities that a company's personnel excel in are referred to as skills. Capabilities and competences are also included. During organizational transformation, what capabilities the company will actually require supporting its new strategy or structure emerges is the most crucial.

Unlike many other technological companies, Dyson's organization does not distinguish between departments. **Every employee is an "engineer,"** and every employee is involved in some form of technological project or experimentation at all times. Product developers at Dyson are known as "designer engineers," and they are in charge of not just technology, but also design, business sell-in plan and other modifications and development, as they closely combine anesthetic design and functional feasibility (Kodama, M. 2017). From product concept conception and development to final testing, all functions are involved in every step. In other words, at Dyson, unlike many other development businesses, there are almost no knowledge borders across distinct specialty fields.

Internal staffs at every levels up to the top management grade, including James Dyson (previous CEO), help Dyson realize such business processes (Kodama, M. 2017).

Currently, only one sales representative and one local public relation (PR) staff are based in Taiwan to monitor the distributor's operations.

3.1.4 Staff

The staff element addresses the type and number of people that a business will require, as well as how the staff will be hired, trained, motivated and rewarded.

Since Dyson only hires “Engineers” and not functional nor business talents, their recruitment criteria are possessing strong entrepreneurial mindset which everyone in their post can create something authentic and new from scratch. They don’t encourage repeating the “best practices”, even for sales and marketing functions, Dyson staffs will not be rewarded with executing the old and right strategies correctly, instead, they will be motivated and rewarded to challenge the current market standard and norms. Dyson recruits and trains their employees with below set of values and the code:

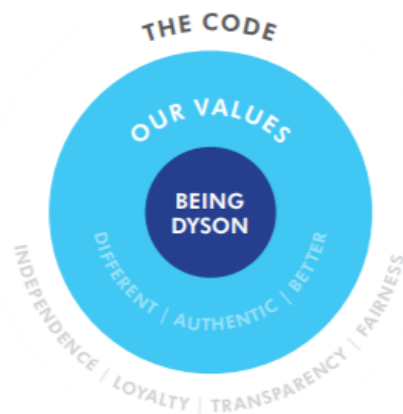


Fig 3: Dyson's “The CODE”

(i) Be Different

Employees are brave explorers, curious and excited by the unknown. This means that we like to embrace innovations, experiments and constantly learn. They see opportunities where others see problems and use ingenious thinking to find more efficient and creative ways of doing things. Dyson values and actively seeks diversity and challenge convention.

(ii) Be authentic.

Nothing is borrowed. They encourage employees to create new and exciting experiences that are entirely unique and novel. This means always acting with integrity, empathy and respect towards Dyson shoppers, owners, partners and products. And most importantly, putting our shoppers at the centre of all our decisions.

(iii) Be better

Dyson never stands still, instead, they require their employees always striving to make everything better and better. Dyson stays ahead of the competition and make decisions to protect Dyson’s long-term reputation. They are tenacious in delivering the right result, in the right way, and are cost and value conscious, while embracing a culture of legal, ethical and responsible decision-making.

Hidden recruitment criterion:

Since Dyson is a family and private business, the hidden traits that Dyson is looking for is “loyalty” which shows firm and consistent support, and always acting in Dyson’s best interests.

Being Dyson employees, they are well trained that just being “good enough” isn’t good enough here at Dyson. They have to be outstanding and always challenge the status quo and set up new market standards.

The high recruitment standard and also the additional recruitment criterion leads to the high job vacancies across countries and also low talent retention rates. Same phenomenon will be expected to happen during Taipei expansion.

3.1.5 Style

The way top-level managers run the organization, how they communicate, what actions they do, and their symbolic worth are all represented by style. In other words, it refers to the leadership style of the company's executives.

Dyson features a flat organizational structure, with no offices for bosses and all employees working in one vast space. This daily commitment to "keeping the hands active," or daily participation in practice, leads to serendipity in unexpected ways. (Kodama, M. 2017) The office design is “Open office” where no fixed seats for all the staffs. They executed “clean desk” policy in all offices across the globe which no staffs allowed to leave any personal belongings in the seats to ensure the frequent ideas exchange between everyone.

Similar to many high context culture in Asia, particularly Chinese, the team cohesive feeling and team spirit is an essential factor for creating trust, sense of belongings and loyalty at work. During the expansion to Taipei, such style might not be easy to attract and/or retain the talents.

3.1.6 Shared Value

The McKinsey 7s concept is built around shared values. They are the norms and standards that influence employee behavior and company operations and are thus the bedrock of every firm.

A company’s shared value is highly correlated with the “Vision and Mission” of the company.

3.1.6.1 Vision and Mission Analysis

With reference to David & David’s <<Strategic Management, A competitive Advantage Approach, Concepts and case>>, a firm has to develop a clear mission and vision statements so as to secure its strategy generation and effective implementation plan (David & David, 2017).

Dyson's vision is to create and maintain an integrated, cost-effective, and long-lasting product that responds to the needs of the user while also enabling the company's consumer products to flourish. Dyson's vision statement states that the company's efforts

are coordinated to **maximize customer satisfaction** through **ongoing disruptive technological advancement and improvements** in Dyson products and **be the best in class** in the market.

Dyson's mission statement is "We solve the problems others ignore.", with the design thinking mindset and engineer's spirit, Dyson targets to dig out and solve the latent needs of the end users by using disruptive technology. James Dyson believes that it is everybody's obligation to be different.

Values followed by Dyson's mission and visions:

The company is dedicated to adhering to these principles in order to better serve its customers and workers and this can reveal in its People's strategy with below shared values:

Dyson recruited and trained people to treat Dyson more than just a job – all employees have to embrace the Dyson Spirit. They try and enrich lives of the consumers through their machines. Everyone at Dyson live and breathe the engineering spirit and do everything to protect their reputation and find better ways of working.

Dyson wants their staffs to think about design all of the time. As a result, the company places a premium on design elements in the office setting as well as the internal environment as a whole, which includes cafes and other locations. According to Dyson, not having employees wear suits is also part of the corporate ethic. This is because James Dyson prefers employees to hone their sense of style by starting with what they wear on a daily basis. (Kodama, M. 2017)

Many individuals in Dyson are pleased when good innovative products are created. Management is necessary for sharing such a philosophy, and elements of centralized leadership at the formal organization layer across the three management layers (top layer, middle layer, and lower layer) are required to demonstrate such management. The embedding is responsible for the combination of centralized leadership for conveying the Dyson vision as a form of creed and distributed leadership for allowing Dyson personnel to engage in creative activities. (Kodama, M. 2017)

Dyson's brand health and corporate image are well-known in Taipei, and it is going to be one key attractiveness for talents.

3.1.7 Strategy (5Ps)

In 7S model, strategy cannot be evaluated alone, but to check if it is aligned with the other 6S. **5Ps (People - internal, Product, Price, Place, Promotion)** marketing mix are utilized in this session to analyze its strategy.

3.1.7.1 People (Internal)

In terms of the organizational structure, Dyson's people strategy is to focus on hiring the top talents from the market instead of grooming the talents with trainings and development on their own during to their fast expansion. Dyson has over 11,500 employees over 65

countries, with over 4,450 engineers and scientists. Details of the People's strategy can refer to previous sessions 3.3.4 Staff.

3.1.7.2 Product

While in its product strategy, Dyson focused on fast and aggressive expansions where they have new models and product upgrades for all categories every year.

Dyson is a truly multi-category company with the presences in (i) floorcare, (ii) environmental control, (iii) personal haircare and (iv) lighting categories.

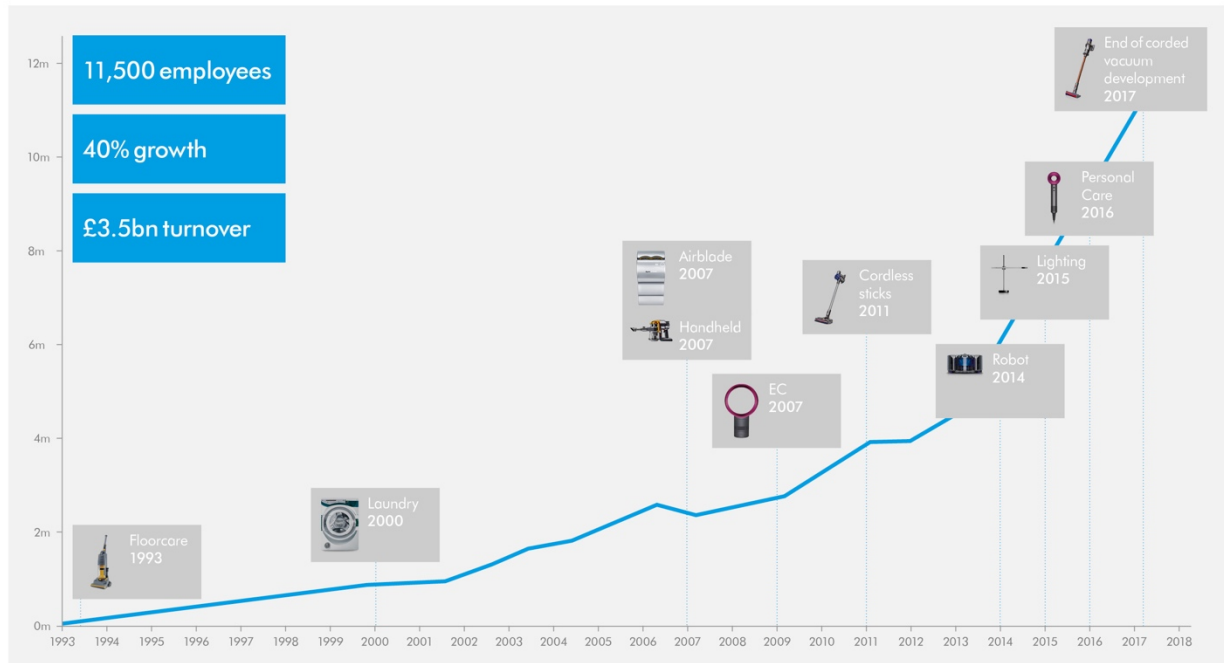
Below is the timeline summary of Dyson's key new product launches in each category:

- **1993:** Dyson launched with the DC01 vacuum cleaner.
- **2007:** Airblade™ hand dryers
Dyson released the world's first cord-free handheld vacuum thanks to the investments in the Dyson Digital Motor.
- **2007:** Dyson launched the environmental control business, launching with the Dyson fan, but expanding into heaters, humidifiers, and purifiers.
- **2011:** Cord-free sticks
- **2014:** the Robot (Floorcare)
- **2015:** Dyson's Lighting business was brought into the core Dyson business, beginning the LED lighting revolution.
- **2016:** Dyson Supersonic™ hair dryer, entering the personal care category.
- **2017:** Stopped the development of our corded vacuum cleaners, and announced this to the world at the launch of the Dyson Cyclone V10 in 2018
- **2018:** Launch of Dyson Airwrap™ which is a multi-purposes hair styler

Every single week, Dyson invested £8 million into Research, Design, and Development to constantly reinvent their products, and to enter and revolutionize new categories. They choose to invest the money in order to continue to grow.

Dyson have over 67 million Dyson owners, sell 1 machine every 2 seconds, and will be selling 20 million machines a year by 2020 in over 80 countries. They aspire to release 15 new products every year. These are colossal targets, which Dyson has strong commitment to research and development to invest £8 million per week.

All in all, it forms Dyson's leading core competence which they also have unique and best-in-class technology, and Dyson protects its distinctive technology with over 9,200 patents. Whenever Dyson has successfully presented in a category, it resets the market standard again. For example, vacuum cleaner without a cord and dust bag, purifying fans without blades, hair stylers without direct heating parts and styled the hairs with hot air only. All of technologies are easing the latent needs of the end users which makes Dyson have no substitute products and since the competitors could not benchmark their standards. When they had the backward engineering and mimic Dyson, Dyson has already surpassed their own older generations and in a new peak with the strong R&D support and investment backing up.



Graph 1: Dyson's key product launches summary (from 1993 to 2018)

However, there is one drawback in the product production sites since it is located in Malaysia or the Philippines. The cost is lower, however, the perception of the product superiority is lower compared with other electronics manufactured in Japan or Germany.

3.1.7.3 Price

Dyson's products are priced at premium with the market index of two to three times versus the market average selling price of the same categories. Almost no price promotion will be done under the current go-to-market models, except for the clearance of the older generations.

3.1.7.4 Place

In all Dyson retail locations, their design language starts with the principles of an art gallery. It focuses to be always on the technology, presented like an exhibit in a gallery. The gallery is designed to **remove unnecessary visual distraction**, allowing viewers to look at what's important without competing visual noise. The focus is the machine – elevated to eye level on a simple plinth. Our machines become exhibits in their own right, presented simply and honestly. They are zoned in their own 'gallery like' area.

The **sense of value** and **dwell time** is **increased** compared to that of a shelf with multiple products for example. These gallery principles are combined with the **design language of engineering** and invention. The inner technology and science are referenced through:

- (i) **Exploded machines** and video fly through.
- (ii) **Store theatre and demonstration.**

Consistent application of these principles drives Dyson recognition, elevates our machines and the engineering behind them. Converting to **increased brand loyalty, advocacy and belief.**

3.1.7.5 Promotion

Dyson focused on the in-house driven marketing advertisement and promotion with western style of creatives have been carried out right now. For other localized promotions, there is not much Dyson's driven localized promotion in Taipei and there are only the by-channel self-initiated promotions, for instance, Sogo in Taipei would promote its anniversary discount sales with Dyson as key product features due to its luxury pricing positions, thus a large discount offer in price may lead to attract more customers to purchase Dyson's products Sogo.

3.2 VRIO Analysis

The VRIO framework is a technique for analyzing a company's internal resources and skills to see if they may provide a long-term competitive advantage. The acronym VRIO represents "value", "rarity", "imitability", and "organization" respectively (Barney, 1991).

The "VRIO analysis" basically asks 4 key questions to determine whether a resource is "valuable", "rare", or "Is it expensive to copy?" and subsequently "Is a business set up in such an organized way that it can capitalize on the value of its assets"? A resource or capability that satisfies all four criteria can provide a company with a long-term competitive advantage.

Dyson's core technology applied in their disruptive products with more than 9200 patents, distinguished R&D power with ample financial support, as well as its soft power like corporate culture and cherry-picked top-notch employees, both of the products and people are valuable and rare, the other competitors are very costly to imitate. The well-established Dyson's brand preposition and equity contribute to its super-premium market segment positioning. All in all, Dyson can meet all the VRIO analysis which could maintain its sustainable competitive advantages.

4. External Audit by environmental scan – Taipei market expansion analysis

External forces classified into five board categories (David & David, 2017). and a thorough external scan is required for Dyson's company expansion in Taipei.

4.1 Political, governmental, and legal forces

Dyson owns over 9200 patents, and it keeps increasing with the flourishing R&D. Therefore, there are quite a lot of lawsuits for IP infringement for Dyson, for instance, like Samsung and LG in South Korea, which is a the highly patriotic country, and its political stance of the government will influence the legal decision in courts, thus Dyson had never won any lawsuits in South Korea though there are obvious evidences which their national brands have copied the design and infringe the IP of Dyson.

Different from some direct competitors' hometown in North Asia, the legal, governmental and political environment of Taiwan is comparative fairer since it is operating under the rule of law and there are fewer local brands from Taiwan in the same categories of Dyson. In terms of 2021 Index of Economic Freedom, Taiwan ranked the sixth globally, and fourth in Asia-Pacific.

4.2 Natural environmental, social, cultural, demographic forces

Taipei City is more developed, Central and South in Taiwan have low category penetration

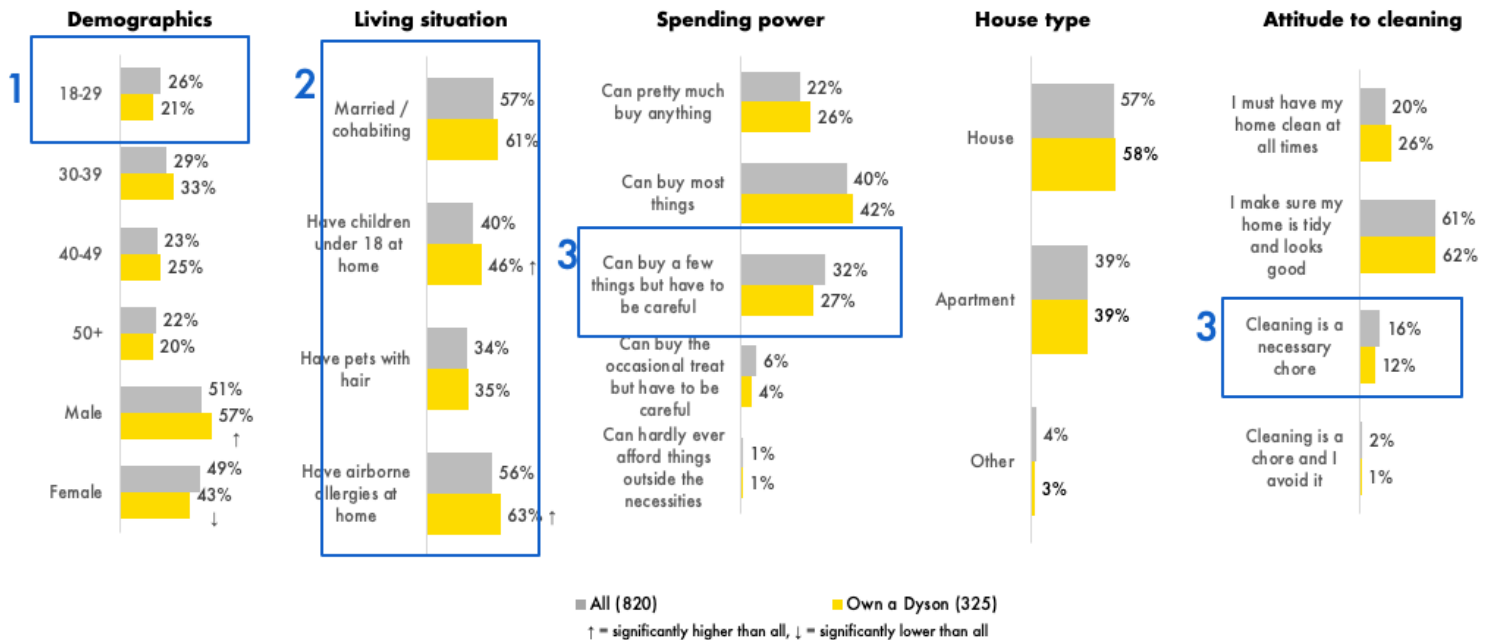
	Total	Taipei City	North (including Taipei)	Central (including East)	South
Population	23,588,932	11.3%	45.8%	26.6%	26.5%
No. of Households	8,734,477	12.1%	47.3%	24.7%	27.0%
Population Density (occupant per km ²)	651.68	9,818.16	1,537.23	330.29	633.27
Family Income (TWD per annual)	1,231,112	1,648,122	1,389,892	1,078,786	1,100,827
Disposable Income (TWD per annual)	1,018,941	1,344,538	1,141,571	900,718	918,955
Avg. Household Size (m ²)	148.8	104.9	128.7	169.9	164.6
HH Internet Penetration	84.80%	92.70%	89.20%	80.52%	81.60%
HH Vacuum Penetration	45.60%	59.40%	54.78%	38.76%	36.45%
HH Purifier Penetration	15.40%	25.20%	20.54%	10.31%	11.51%
AQI index (PM10 µg/m ³)	44	31	35	44	56

Table1: Taiwan country profile Source: TW government statistics 2017, Trending Economics

Taipei is the capital of Taiwan, which is a part of high-tech and urbanized area, it is also the cultural hubs with a lot of historical architecture (e.g. Chiang Kai-shek Memorial Hall) and modern landmarks (e.g. Taipei 101). It has well-structured infrastructure network with two airports, highways, bus lines, undergrounds and high-speed trains which can connect to all the shopping malls and the whole Taiwan. Lots of Taiwanese will come to Taipei for weekend trips with its convenient transportation and concentrated shopping networks. The city of Taipei currently has 2.53 million residents which accounts for around 11% of the total population and is the most densely populated area in Taiwan. Traffic is definitely not an issue for Taipei city as the first stepping-stone for Dyson's expansion.

Based on Table 1, the vacuum cleaners and purifier categories penetration for Dyson's category in Taipei is the highest among all other cities in Taiwan given the people has high concerns of air pollution which paves the way to and vacuum cleaners and air purifier businesses.

While for the haircare products category, given the low value salon are prevalent in the market, the female shoppers prefer to visit the salons instead of style their hairs at home. Based on this insight, a salon penetration to reach out the hair stylists which is their key opinion influencer can be a good strategic choice.



Dyson Technology Limited

Source: 2018 Taiwan FC Segmentation Study

Table 2: Consumer Profile (Taiwan) by GfK research company

Based in the consumer profiles from the GfK research company's data, Taiwan Dyson owners are skewed towards male, have children, allergy concerned, living in a house, like to be tidy & clean. Below are the respective strategic implications and choices:

- 1) Accelerate penetration among young consumers – expand communication footprint into young consumer channels (for example, Instagram and Line)
- 2) Improve message relevancy by presenting Dyson story in the right context to the right audience with targeted marketing
- 3) Expand Dyson penetration by converting consumers who thinks cleaning is a chore and not willing to pay premium price

4.3 Economic forces

5 Global Fortune 500 companies are headquartered in Taipei. E-commerce business is around 3 times vs the traditional brick-and-mortar stores. From the table 1 in section 4.2, the average household size is 118.7m² where it holds the highest number of households which has over USD\$35k annual income per household. This made Taipei the best city for Dyson's first foothold in the expansion plan in Taiwan with its premium segment positioning.

Sales tax policy in Taiwan has been another issue to hinder the Dyson's direct sales expansion in Taipei. In terms of purchasing habit and shopping culture, shoppers in Taiwan focused on "CP value (性價比)" which means they consider whether it is value for money towards and "cheap" enough instead of chasing for the latest version of the technological products. They are deeply influenced by Japanese trends positively due to the historical background back to World War II. Lots of Taiwanese will plan for a trip to Japan for consumer electronics purchase during the weekend with the short-distanced flight with the

close geographic location. This was negative to Dyson's products sales in Taipei since Taiwan has sales tax while Taiwanese can get tax refund as foreign tourists.

4.4 Technological forces

According to Invest Taipei statistics which under Taiwan government, Taipei city's R&D centers and operations offices are among the greatest in Taiwan, including national industry clusters such as the Neihu Technology Park and the Nangang Software Park, which Dyson can consider setting up their office in these two technology park.

Taipei is home to a plethora of academic research institutes, such as Academia Sinica, as well as 29 governmental and private universities, including National Taiwan University (NTU). Sixty percent of Taipei's workforce has a higher education, and top professional talent is driving industrial innovation and entrepreneurship.

Wi-Fi penetration and basic technological knowledge is not a concern where technological infrastructure and talents should be easily reachable. The concern is whether Dyson can adapt and adjust its people strategy to attract the local talent.

4.5 Competitive forces

Table 3 below showing the current competitive analyses among all 3 major consumer electronics categories:

Floorcare Top Competitors (2018)				Purifier Top Competitors (2018)				Hairecare Top Competitors (2018)			
	Value	Volume	ASP		Value	Volume	ASP		Value	Volume	ASP
Dyson	60%	25%	£461	Dyson	27%	14%	£484	Dyson	33%	4%	£338
Electrolux	11%	9%	£232	Honeywell	12%	15%	£199	Panasonic	33%	32%	£39
LG	6%	3%	£428	LG	10%	6%	£428	Philips	14%	23%	£23

Table 3: Value, Volume and Average Selling Price (ASP) competitive analyses (Source: Gfk Research company)

Dyson has the highest average selling price (ASP) among all 3 major consumer electronics categories which it has highest market value shares and Dyson is the distant leaders in Floorcare and purifier categories.

However, for floorcare category, the data captured only represents cordless segment, which most of the Taiwanese are still using the conventional corded vacuum cleaners. The volume shares of purifiers, and especially haircare categories were not in a leading position. By compared the actual ASP which captured by the scanned sales data collected by Gfk research company, it is obviously lowered that the Dyson's internal selling price average. One of the possible reasons was that the actual scanned sales prices were affected by the parallel imported Dyson products from Japan and North Americas which shared the same low voltage (110 V) and plugs.

It is also due to Dyson having no exposure in Taiwan and thus it is weak in internal coordination and control. Lowering the ASP damaged the premium pricing positioning to Dyson company as a whole globally.

5. Summary: Key issues for Taipei expansion based on internal and external audits

5.1 Shortage of talents which fit for Dyson's recruitment criteria and culture

Taipei is under Greater China area in the North Asia region. To expand Dyson's business directly into the new market Taipei, shortage of people talents who can fit for Dyson's organization structure is the main issue. English is the official language of communications within Dyson due to its matrix organization structure with close and frequent communication between the group functional team and local operations office, most of the bilingually fluent (English and Mandarin) talents with the entrepreneurial spirit prefer to stay in mainland China for a much bigger market potential.

Shortage of the suitable talents happened since 2017 while Dyson planned to expand to have a site representative in Taiwan to oversee and monitor the performance of their local distributor, Dyson could not find the right and acceptable talents for 18 months. In order to expand into a larger office with direct management in Taipei, a basic local team of minimum 30 people to manage the daily local operations and communications with Dyson's headquarters' corresponding functions will be a headache problem.

5.2 Premium Product and Price position which led to low sales volume

The average salary of Taiwan household is around USD\$44k annually though Taipei is already having the highest average salary income among whole Taiwan. Compared with other neighboring cities like Shanghai, Beijing and Hong Kong, Dyson products was not an affordable consumer electronics product to Taiwanese. To cite an example, a Dyson hair dryer costs around 1.5 monthly salary of a university graduate. Meanwhile, Dyson's global expansion strategy in sales volume is always aggressive which seeks for 2 to 3 folds of growth every year.

Together with the data in section 4.5 Competitive force, all pointed to the strategic move that Dyson have to do more consumer education for up trading the users. This can be carried out only if Dyson has set up its direct office in Taipei but not possible to be conducted through the existing business model of distributorship.

5.3 Low-priced Parallel imports from Japan and USA

Given the ease of e-commerce and better & faster logistic development under globalization, as well as Japan and USA share the same low voltage and the same socket plug with Taiwan, there is no barrier for consumers to buy the Dyson products in e-commerce despite of Covid-19 impact since Dyson products are not perishable and not urgent necessities.

In order to regain the control, Dyson has to expand its exposure to Taipei as soon as possible. However, the internal coordination between the regional and area sales and business development teams is possibly another issue since structurally, they are internal competitors which all of them are facing high pressure in shooting for the ambitious targets locally.

6. Strategy Generation and Selection on Taipei Market Expansion plan

6.1 Strategies formulation and Selection methods - SWOT Analysis

Based on the internal and external audits, as well as the key issues identified, the SWOT analysis for the Taipei business operation plan is summarized as below in Table 4:



Table 4: Dyson's SWOT Matrix

6.1.1 SO strategies

SO strategies is to use Dyson's internal strengths to maximize the external opportunities in Taipei market.

The resultant strategies is to leverage Dyson's robust RDD teams with outstanding internal talents and their engineer spirits in all functions, while develop the holistic sales and marketing by maximizing the brand equity and Compelling James Dyson's story as PR to sell its disruptive patented technological products to the potential customers, because Taipei has the opportunities of high traffic flow and low penetration rate while the potential customers are in high quality with Health conscious and high concern of air pollutions.

Dyson can also access to the educated talents and acquire technology park support by building up their direct sales office to realize the SO strategies.

6.1.2 WO strategies

WO strategies is to counter the Dyson's internal weaknesses via exploiting the external opportunities in Taipei market.

Though Dyson can have a good access to the potential talents with good education and skills, however, Dyson's weakness in its complicated matrix reporting structures which

might lead to lacking of corporate governance due to Family business nature, the talents will have the concerns in jobs security and senses of belongings under Taipei's high context culture. Meanwhile, with the high standard and tight control in people's selection and monitoring, the operation cost for direct office set up will be relatively high.

Dyson might not be able to sustain its direct office due to the potential high turnover rate with the culture mismatch in Taipei city. If there is not retention strategy for talents or no adjustments on his people's strategies to increase the peace of minds and job security for their staffs.

6.1.3 ST strategies

ST strategies is to leverage Dyson's internal strengths to mitigate the external threats in Taipei market.

With the strong brand equity and expert grade of talents in all functions, Dyson can increase the consumer education and advertise its maintenance and after-sales customer services to justify its premium prices vs other parallel imports and the perceived value.

Dyson might have to set up its own direct office in order to gain back the control in the integrated marketing campaign ("IMC") execution since the distributor team does not have the resources, skills and expertise. It can also enhance the internal coordination with other sales business operation units.

6.1.4 WT strategies

WT strategies is to minimize the Dyson's internal weaknesses and avoid the external threats. It would be defensive tactics in Taipei market.

Instead of bearing the potential high operating cost for the direct sales office, Dyson can strengthen their distributor management with intensive intervention and assist the distributor to build up their organization and capabilities.

Dyson can occasionally participation in the joint business planning meetings with the local key retailers to secure the sales fundamentals with perfect stores concepts in retail management. This can minimize the risk of not getting sufficient people in its direct office operation and avoid the threats.

6.2 Strategic options selection

Based on the SWOT matrix, the crucial and highest priority for Dyson's Taipei expansion plan is whether to set up their direct office with Dyson's talents or not. To select the right strategy, McKinsey's MECE way of strategies generation will be applied. MECE is an abbreviation that stands for "mutually exclusive, collectively exhaustive". This means that when faced with a business circumstance that necessitates the development of a plan, you must first break the problem down into its component pieces. MECE is extremely useful for grouping and organizing knowledge into meaningful systematic strategies using the Pyramid Principle. It's a technique for restoring order to an otherwise chaotic situation B. Minto (1996).

With reference to McKinsey's MECE way of thinking, the strategic options are derived as below:

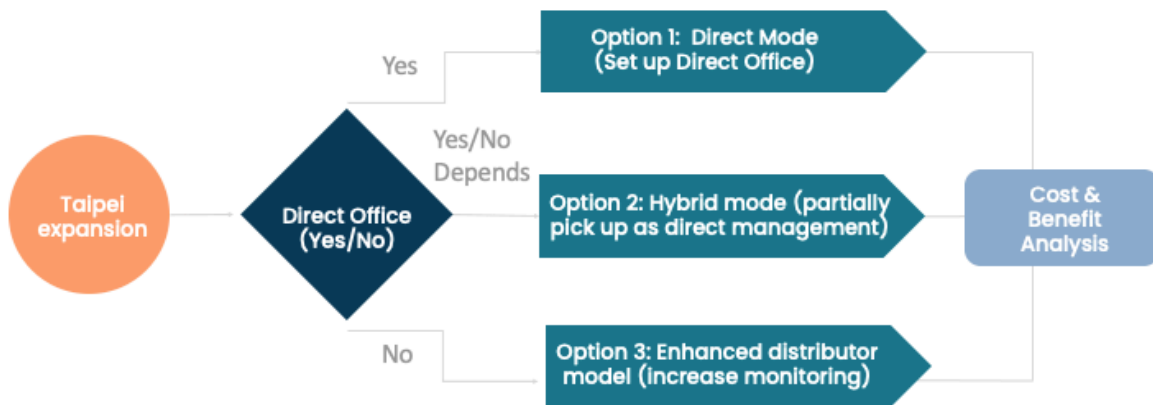


Chart 2: McKinsey's MECE framework for strategy options formulation

Option 1: Direct Mode - Dyson sets up the direct office in Taipei immediately and remove the distributor model to regain the control

Option 2: Hybrid Mode - Dyson partially take up partially the key accounts and e-commerce channels, while keeping the distributors for independent and small channels

Option 3: Enhanced Distributor mode - Keep the current sole distributor model with tightening controls

6.3 Strategic options recommendation

By balancing all the cost and benefits for the three options, **option 2 - Hybrid Mode** is recommended to Dyson since on one side, it can minimize the potential risks of not able to acquire and retain the right talent; on the other hand, Dyson can buy some more lead time to collect sufficient data to show to the headquarters for the local people's strategies or office management if necessary. Moreover, it can also mitigate the risk of high operation cost at once before realizing the potential increase in sales turnover and have a better and more accurate estimates for the financial profit and loss by gradually taking over the market. It will reserve some flexibility and ensure that the strategic option meets the benefits of Amazon's a two-way doors decision which means that are changeable and reversible (Jeff Benzons, 2018).

7. Implementation of Go-to-Market Strategy

7.1 Potential Execution Barriers

By choosing the option 2 among three deduced options, the potential execution barrier from internal management force has been minimized. The largest foreseeable resistance will be coming from distributor side since in all the options, there will be diminishing roles and thus, hurting the financial benefits. Therefore, there will be high possibility that the distributor may not be co-operative and collaborative for the handover process during the transition period. This will also affect the relationships between the retailers if the distributor takes the transition in a hostile approach.

7.2 How to Overcome the Barriers

Proactive communications with various stakeholders (distributors, consumers and retailers) are the key to success.

7.2.1 Proactive Holistic Leadership Approach – think win-win for all parties

During the transition planning, instead of using a top-down takeover approach, Dyson can think about “win-win collaboration” opportunities with the distributor and explain the benefits of taking over the commercialization and marketing campaigns directly at their own cost can reduce the financial burden in distributor side, while there is a high potential in deeper penetration and market share expansion, thus, Dyson can envision the current distributor that the return of investment (ROI) of the partial remaining business in distributor’s side will also grow in its profit margin. In short, distributor can have less cost and execution risk, while they have higher margin with less workload.

Besides, Dyson can conduct the dialectical leadership with productive dialogues on psychological layer with the distributor, and Dyson should explore the open option of keeping the hybrid mode if the distributor’s capability can improve, in this way, Dyson can give hope to manage the unacceptance period in the change curve when distributor is facing the change.

7.2.2 Integrated Marketing Campaign

By taking over the ownership of the marketing campaign, Dyson should plan its marketing fundings from the integrated corporate perspective instead of category or event drive to synergize and leverage the resources.

In addition, the channel exposure with organized and single marketing key thematic and core messages should be cascaded across all the consumer touchpoints and channels with personalized and targeted call-to-action messages while keeping the mainline of key visuals and quotes. This can also facilitate the united and clear communications with the retailers too in order to secure the flawless execution.

In such way, the marketing spending and impacts can be greatly maximized with proactive planning.

7.2.3 Standardized Persuasive selling training to frontline staffs

To ensure the execution excellence and increase the penetration, protocols with the education messages in the sales pitch in persuasive way with the focused on long-term sales instead of short-term sales for frontline staffs should be trained with standardized standard operation procedures (SOPs).

Getting the direct consumer feedback and data from the frontline can also neutralize the impact in case the distributor is hostile during handover and transition period.

8. Conclusion – the road ahead

No matter how great that the strategic planning is, flawless implementation is the most paramount part to lead to success. A careful balance between planning, execution, and its related key performance indicators (KPIs) setting have to be closely monitor in a FAST

(frequently discussed, ambitious, specific, transparent) manner (Sull & Sull, 2018) which adopted by MIT.

In the post pandemic era, agility and flexibility with fast adjustment and reactions to the market dynamics and reviews to data analytics and insights for strategic planning is the key to define the heroes during the trying times. Dyson has to monitor and adjust its Taipei expansion strategies timely and dynamically.

9. Limitations

Since Dyson is not a public listed company, most of the financial data are not available to publics. Thus, the strategy generation method which involved financial factors cannot be conducted thoroughly and limited the comprehensive analyses in this report. More holistic view can be provided if more analyses could be carried out, for example, SPACE matrix or QSPM, upon the data availability.

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