

**BA Leadership and Management  
BMSW6104  
(Lecturer: Paul Bocij)**

# **Strategic Management for SMEs**

**By Juthsna Begum (1907009)  
Due Date: 14/04/2022  
Authorised Extended Date: 28/04/2022**

# Contents

|                                                                         |       |
|-------------------------------------------------------------------------|-------|
| 1. Introduction.....                                                    | 3     |
| 2. Organisation's Strategy, Mission, Vision, and Porter's 5 Forces..... | 3-5   |
| 3. PESTLE and SWOT Analysis.....                                        | 5-7   |
| 4. Stakeholder Analysis and identify the main stakeholders.....         | 8-9   |
| 5. Possible strategic growth For Allianz.....                           | 10-12 |
| 6. Strategic recommendations for the organisation....                   | 13    |
| 6.1 Change Management Model.....                                        | 14-15 |
| 6.2 The Change Curve Model.....                                         | 15    |
| 7. Competitors.....                                                     | 16    |
| 8. Conclusion.....                                                      | 17    |
| 9. Reference.....                                                       | 18    |

## 1. Introduction

Strategic management is the process of setting goals, procedures, and objectives to make a company or organization more competitive. A definition of strategic management is an overview of approaches to operationalizing strategic management (Bracker, 1980).

In this essay I will broadly demonstrate an understanding of strategic management using an organisation, 'Allianz Insurance Plc'.

Allianz is a successful global organisation, and its services include property and casualty insurance, life and health insurance and asset management. Allianz Insurance is one of the largest general insurers in the UK and part of the Allianz Group.

In this report I will focus on Allianz UK Strategy.

In the UK, Allianz Insurance head office is situated in Guildford, Surrey. Allianz Insurance in the UK employ over 4,200 people across a network of offices. They have additional support services over 1,000 people based in Trivandrum, India (Allianz Insurance plc, 2022).

In the UK they offer commercial insurance (Property, Casualty and motor, risk management) with a full range of products for sole traders to large commercial organisations. Also provide musical insurance, legal expenses insurance, pet, and equine insurance.

## 2. Organisation's Current Strategy.

**Allianz Current Strategy:** 'We seek to become simpler and deeply digital and to put scalability at the heart of our actions. We have a clear view of what we want Allianz to look like in the future: **simple, digital, and scalable**. Simple: Our overarching principle is to focus on what really matters and to keep it simple.' (Allianz, 2022)

Allianz strategy 'Simpler with deeply digital focuses on moving with technology giving consumers a faster simpler service on the online platform when making a claim.

Allianz strategy Digital and scalable would be competing with today's market moving with technology as many platforms are online.

**Allianz Vision:** "Living your life with confidence." – 'and our hope for every customer who entrusts their money to our care' (Allianz Life, 2022).

Allianz vision is the aim of the organization to build trust and care for its consumers when making a claim therefore they are differentiating their product. This Vision shows more customer care which is likely to attract the commercial organization who have vehicle and health insurance for their employees and require claims to be processed promptly without a hassle.

**Allianz Mission:** “We Secure your Future”. – ‘Our mission informs every decision we make, every day’. (Allianz Life, 2022).

Allianz mission is the organization's purpose which is to provide a quality product by securing consumers future giving no room for new entrants. Allianz Mission has no issue as this mission is trying to capture consumers who want quality and security.

### **Porter's 5 Forces**

Porter's Five Forces is a model that recognizes and analyses five competitive forces that helps shape every organisation to recognize an industry's weaknesses and strengths. The Five Forces analysis is frequently used in an organisation to identify an industry's structure to determine corporate strategy (Investtopedia,2021).

### **Bargaining Power of Buyers**

Insurance is intangible product and limited firms are producing the product therefore buyers have limited choice deciding where to make purchase. Allianz offer specific high-quality products/services within their package which makes the buyers find it difficult to get alternatives for the specific products. Allianz concentrates on the differentiation and innovation for attracting more consumers. The quality and product differentiation attract the large pool of consumers. Allianz concentrates on building large consumer base to weaken the bargaining power. Allianz strategy offering simplicity when it comes to making a claim makes them strong in the market and buyers bargaining power here is weak.

### **Bargaining Power of Suppliers**

There are more suppliers in the industry than consumers therefore suppliers do not have much control over the prices and thus they have weak bargaining force. Moreover, suppliers usually do not provide the credible threat for the forward integration, which makes their bargaining power weaker.

Allianz have their own suppliers at a minimum cost at different locations and has efficient supply chain network, for example they have their own approved repair network who repair all vehicle at a reduced cost, own panel solicitors to deal with litigated claims and roadside recovery to recover vehicle from road following a road incident.

### **Threats of New Entrants**

Threats from the new entrants are low in case of Allianz technology plc because of the economies of scales in industry. In the insurance industry before entering, it is important to

have product differentiation, the need of the capital is much and the rules and regulation from the government are strict and abiding. Allianz technology continuously focuses on its mission 'We Secure your Future' by innovation and keep differentiating its services and products to be top in the market and attract the consumers.

### **Threats from the Substitute Products**

Substitute products are produced by low profit industries therefore Allianz have no threats from the substitute products which are a weaker force as Allianz believe quality matters the most therefore a good quality product is way more expensive. Allianz make no substitutes products; this makes the buyers to not to switch to other products. Allianz focuses on its vision "Living your life with confidence", by producing good quality products at a reasonable price. Allianz also differentiate their products with the competitors.

### **Rivalry of Existing Players**

Allianz has many rivals in the industry who are large and has the market share of the industry like AXA, AIG, Metlife etc.

These companies are always making competitive strategies therefore Allianz must focus on its organisation strategy 'simple, digital and scalable' with continuous market research products and analyse the situation of supply and demand.

## **3. PESTLE and SWOT Analysis**

### **PESTLE Analysis**

A PESTEL analysis guides an organisation identify the external forces that could impact their market. This analysis guides organisation's that respond to changes in the macro-environment to differentiate from the competition, therefore have a competitive advantage over other organisations (Oxford College of Marketing, 2022).

#### **Political Factors**

- Impact of Brexit on business policies
- Impacts of the tax/ New Government legislations
- Trade conflicts
- Uncertainty

#### **Economic Factors**

- Implications of COVID-19
- Assessing liability between Manual and Automated vehicles

### **Social Factors**

- Maintaining interest to the new generation
- Image of the insurance industry in society
- Controlling any bad reviews on social media

### **Technological Factors**

- Growing the technical excellence to the next level in insurance
- Need to integrate disruptive technologies

### **Environmental Factors**

- Environmental changes (Weather)
- Investments to move to a low-carbon economy
- Recycling

### **Legal Factors**

- Charges of deception annuities practices
- New Government legislation
- Increase of Tax

### **SWOT Analysis**

A SWOT Analysis is a strategic planning tool that assesses internal and external factors of an organisation giving the advantages and disadvantages of an organisations (Investopedia, 2021). A SWOT analysis allows Allianz to benchmark its business and performance to its competitors.

### **Strengths**

- A leading Global brand name
- Effective internal Control Systems
- Digital business models driving customer centricity
- Has a strong financial position in the global market
- Market leader for Life and credit insurance
- Allianz Insurance in the UK employ over 4,200 people across a network of offices which enables them to provide an effective service to all their consumers.
- Able to provide a quality product
- Has own network for repairs, litigated cases, recovery etc

- Successful Mergers & Acquisitions

### **Weaknesses**

- Heavily dependent on automobile market

### **Opportunities**

- Continues expansions in other countries
- Diversifying portfolios for customers
- Innovative schemes
- Investment in automation
- Investment in analytical projects

### **Threats**

- Financial crisis like recessions, Brexit and Ongoing Covid
- Continues change in government regulations (Financial Conduct Authority and Prudential Regulated Authority).
- Natural Disasters such as weather damaging houses and vehicles.
- Risk due to cyber crimes
- Cost of fraud insurance claims

#### 4. Stakeholder Analysis

Stakeholder analysis is the process of assessing and prioritizing the people who will be affected by your organisation.

##### The Power Interest Grid for Allianz

|                                                                                                                        |                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| <b>Keep Satisfied</b><br><br>X<br>(Customers)<br><br>X<br>(Stakeholders)<br><br>X<br>(Brokers)<br><br>X<br>(Suppliers) | <b>Manage Closely</b><br><br>X<br>(Investors)<br><br>X<br>(Employees)<br><br>X<br>(Training Materials) |
| <b>Monitor</b><br><br>X<br>(Government)<br><br>X<br>(Supporting Charities)                                             | <b>Keep Informed</b><br><br>X<br>(Social Media)                                                        |

Allianz main stakeholders would be its customer and investors who bring in the most capital to the business therefore it is important to keep them always satisfied making sure investors or customers journey is always satisfaction ought to be the most important criterion for commitment. Stakeholders rely on integrity and observe Allianz Code of Conduct and Allianz's Value and management guidelines.

Employees and Training is closely managed as they provide the up-to-date service to all stakeholders therefore keeping employees satisfied is very important and keeping

employees satisfied accepts Allianz in society. Ongoing Training to employees gives employees the opportunity to progress.

It is always important to update company revenues and media through social media platforms and Allianz website as this is the best communication channels for Allianz.

Supporting Charities and adhering to government guidelines needs to be monitored as a high priority to avoid heavy fines from government. Charities need to be supported to make an awareness in the market to show Allianz brand.

Broker and Suppliers need to be kept satisfied with decent commission so they can help grow the network, for example brokers bring in clients and Suppliers need to provide repairs to satisfactory.

Allianz investors have the most power as they invest allot of their capital by looking at the company strategy and code of conduct. They have the power to strike or take their money out if Allianz does not follow its process as per their code of conduct. Allianz invest in new technologies with the investors capital to control Fraud, Risk and Re-Invest therefore they must make sure they are always conducting good practice. Least power would be Charities as Allianz can change charitable organisations and does not have to fund the same Charity organisation every year.

Suppliers are managed different to brokers as they have Allianz service levels to follow when providing a service to an Allianz customer whereas Brokers have no targets or service levels to adhere to as they bring in clients to Allianz for the image they hold in the market and the high-quality product they offer.

## 5. Strategic growth Options for Allianz.

Possible strategies for Allianz to accelerate growth:

1. Expanding its leadership position in all market products
2. Building a scalable platform to assess Risk/Fraud
3. Expanding its website technology to meet new generation demand

### SAF Model

| <b>SFA Matrix</b><br><b>Score 1-5</b><br>1 lowest<br>5 Highest | <b>Strategic Option 1</b><br>Expanding its<br>leadership position<br>in all market<br>products | <b>Strategic Option 2</b><br>Building a scalable<br>platform to assess<br>Risk/Fraud | <b>Strategic Option 3</b><br>Expanding its<br>website technology<br>to meet new<br>generation demand |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| <b>Suitability</b>                                             | 3                                                                                              | 5                                                                                    | 4                                                                                                    |
| <b>Feasibility</b>                                             | 5                                                                                              | 5                                                                                    | 5                                                                                                    |
| <b>Acceptability</b>                                           | 3                                                                                              | 5                                                                                    | 4                                                                                                    |
| <b>Total</b>                                                   | 11                                                                                             | 15                                                                                   | 13                                                                                                   |

Allianz, expanding its leadership position in all markets would be a long-term strategy over next 5 years and this would include allot of investments in the product, marketing, and technology to assess the best product for the consumers. Therefore, after analysing and testing the products would be necessary.

Allianz, building a scalable platform to assess Risk and Fraud will include investment in new application that will help detect Risk and Fraud, investing in new application would be cost however this will mitigate cost in the long term for the business. The application process would include identifying Risk/hazards, define safe method, implement the system, testing, analysing, monitoring the system.

Allianz, expanding its website technology to meet new generation demand would include marketing and getting all stakeholders feedback on what information they prefer on the Allianz website. The process would include having a high-ranking search on google and

interlinks and Blogs on different websites that take you to the main Allianz website. This will attract the new generation who are moving fast with technology to communicate to use Allianz products online. I believe the new generation prefer the online service than having to pick up a phone and wait for ages to speak to an agent at a call centre. Receiving immediate response by using Allianz online platform via webchat, will attract new generation as this will build the brand trust and service is accessibility would be prompt.

Building a scalable platform to assess Risk/Fraud, I believe would be the strongest strategy for Allianz from the other two chosen strategy, as this strategy has scored 15 using a SAF Model which is the highest from the other two strategy and coming at the lowest is 'Expanding its leadership position in all market products', with a of score of 11.

**Safety:** 'Building a scalable platform to assess Risk/Fraud' is a key opportunities and constraints Allianz faces. Allianz makes a Hugh loss every year on Fraud cases either spending the additional cost on litigated cases, appointing third party investigators, or paying out on fraudulent claims as we don't hold much evidence to repudiate a claim. Investing in a new application that can detect risk, potential fraud, saves consumers details who have committed fraud previously or possible connection with previous recognised gangs.

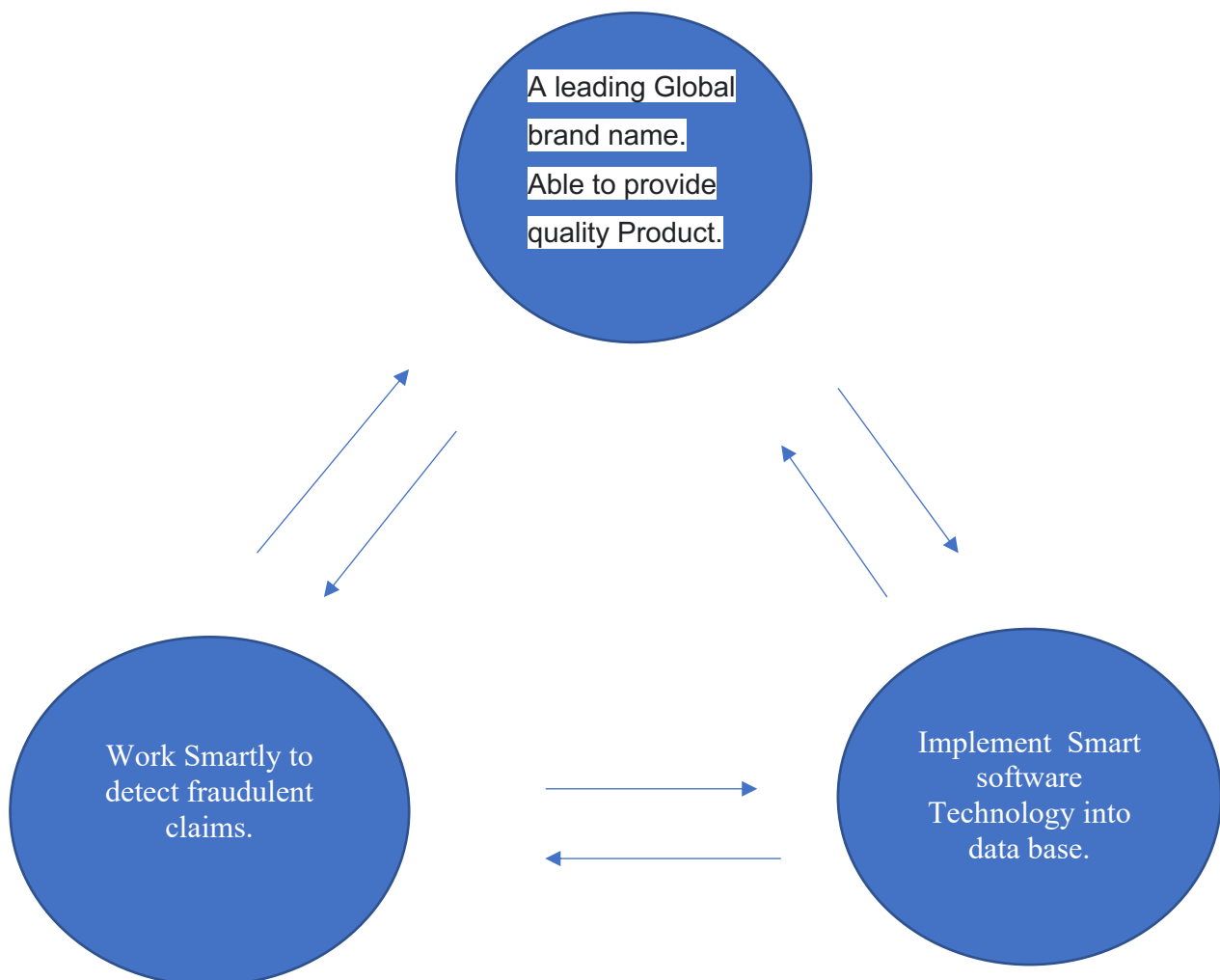
**Acceptability:** 'Building a scalable platform to assess Risk/Fraud' meets the expectations of all stakeholders (Employees, Investors and Customers). The Level of Risk would be acceptable as the new application system would be able to detect fraudulent claims therefore mitigating cost. The Return would be promising as Allianz is likely to save Capital and build Trust in the market. Stakeholders Reaction would be positive and would accept the strategy as the benefits are greater and no risk. Investors would likely to increase shares as they know their capital is protected. Employees likely to get pay rise and better bonuses.

**Feasibility:** The proposed strategy, 'Building a scalable platform to assess Risk/Fraud' would likely work in practise as it will control risk and only cost would be paying for the application software and if any government cost attached as Allianz, is a regulated company. Allianz would be able to finance the applications as they have a large return and have many investors.

Overall, the process would be costly as the applications maintenance cost would be high however the application analysing, and testing are done with internal trained and skilled staff so mitigating cost by not having to employ additional staff therefore no recruitment required. Analysing and testing can be time consuming however in the longer term will save time to analysing risk of claims as the system application should be able to detect this once the application is all in working order. Furthermore, In the long term would stop fraudulent claims

to be made which means Allianz will have more funds to invest in further technology to mitigate Risk. This strategy will also secure Allianz long term goals mission and vision which are securing your future and living with confidence, building Consumers trust.

Weakest strategy would be 'Expanding its leadership position in all market products' compared to 'Expanding its website technology to meet new generation demand' and 'building a scalable platform to assess Risk/Fraud', because Allianz has already established its brand name and is recognised worldwide, and they are supporting charity and Olympics. They are in a position where they can focus on the other areas of the business to mitigate cost by adapting new applications to 'building a scalable platform to assess Risk/Fraud'. In my opinion they don't need to evident any new products to show its high quality, any new product they introduce would be trustable as they are recognised to provide high quality for all their products by putting customers needs at first which makes them a market leader.



## **6. Strategic recommendations for the organisation.**

Winning Strategic, 'Building a scalable platform to assess Risk/Fraud', this will mitigate cost and benefit Allianz Investors, Shareholders, Customers and Employees. For Investors and Shareholders means more returns for their capitals. Customers would pay less on insurance premiums which means more saving for every household and at the same time customers are getting a quality product which they can trust. Allianz Employees get pay rise and better bonuses as the Company will generate higher profit.

To make the strategy work we would need a software application which can detect fraud automatically and brings this to our attention by flagging suspicious activity or claims. We would require a team of internal staff to monitor and test the new applications and analyse the results to see if any new trends or pattern are getting flagged up.

The implementations that would be required to make the strategy work would include Identity features to be added onto the application such as:

- Remote Risk Assessments based on evidence
- Automatic review and assessment of risks
- Risk information on all exposures, gathered and shared with clients instantly
- Up to date and accurate location data
- Increased frequencies of monitoring risks
- New service experience and survey follow-up
- Year- Round updates – to understand changing risk profiles.

### **6.1 Change Management Model**

Change Management Model was developed in 1940s by Kurt Lewins.

The change Management Model helps organization be aware of the need for change (Unfreeze), for example moving with technology or upgrading to compete with competitors. Changes would then be implanted in this stage (Change), where this can be

uncertain and new processes and ways of working is introduced. Once the change becomes permanent (Refreeze), the company and people would have accepted the new ways of working and is more productive and rewarding for all employees in the long term.

For Allianz a management of change system helps to ensure hazards associated with a change are identified and controlled. When changes are undertaken in an unstructured way, new hazards may not be recognized and the increase in risk unnoticed.



(Kurt Lewins, 1940)

### Unfreeze

Humans are reluctant to change however once change has been implemented, eventually humans will fall back into established ideas. Employee will need to be trained to use to new system applications and apply new processes when processing a claim so we can detect Risk. More up to date system reports can be downloaded from the new system so employee will be measured if assessing risk and following processes, this could demotivate employees however employees need to be trained to why such targets will be set and how it will benefit employees in the long term to more pay rise and better bonuses (MindTools, 2021).

### Change (Transition)

Once the new system has been implemented and the robust is working in the background to detect risk and flagging this, employees will eventually get used to the system and will see the benefits of the system. For example, the system will have Location detection so when a claim is made in a hot spot at a particular time the system will flag up the risk so the agent can thoroughly check the claim before processing.

During the transition stage employee's productivity will be slow as they are getting used to the new system however with time this will increase.

A small team of employees would be required to be trained and testing the new system first so any issues can be addressed and fixed before it's all good to go to the rest of the teams.

Training user guides can be created once the testing has all validated.

Due to the change of system prices for investors would increase to fund the new system however the returns would be more as the Allianz would make more profit mitigating cost once the new system is up and running (MindTools, 2021).

### **Freeze (Refreeze)**

Organisation will be able to detect more fraudulent claims and would be able to repudiate claims with the help of the robust system in the background.

Staff at this stage would be more productive and will be able to navigate the new system and follow the new processes.

Old processes are removed, and new processes become mandatory. New change will be managed through daily system reports which will show employees productivity and mitigated risk (MindTools, 2021).

## **6.2 The Change Curve Model**

The change Curve Model developed in the 1960s by Elizabeth Kubler-Ross to help us understand how change affects individuals. This includes 5 stages of grief which are denial, anger, bargaining, depression, and acceptance (Cleverism, 2022).

The new strategy 'Building a scalable platform to assess Risk/Fraud' would require change of in-house system so the new system can take over which would be faster, smarter and will be able to produce reports to detecting and validating claims which then can be analysed.

This change model of 'building a scalable platform to assess risk/fraud' could have an impact on the existing staff within the organisation. Some employees do not like the change of systems as they are too attached to the old system and following a process that they have no room for change. This new system can give them a shock to those who do not like change and create frustration to why the process is different, and the new process may be confusing and harder for them to digest at the beginning. Some employees may feel at low mood due to not able to understand the new process. Getting employee to experiment the new system with sufficient training will help to build employees confidence and will create positivity. Also, offering incentives during the transition period will motivate employees to learn and understand the new system. The change will allow Allianz staff to be educated and move with technology by understanding with the help of robust system the workload becomes less and handlers will be able to concentrate on other areas when processing a claim. Due to the size of the company Allianz would have all the relevant resources to train a small group of employees one at a time giving them the full training attention so they are fully trained on the new system. Therefore, I think with my new strategy there will be denial, anger and then acceptance. I don't think Employee staff will go into depression as the

system is to work in their favour in the long term, after training most employees anger and frustration would turn into having knowledge therefore would accept the change.

## **7. Competitors**

Competitors would find Allianz as a risk in the market as they are a global leading company and now introducing a new system with help of technology that can reduce risk which means Allianz will be able to sell their product at lower premiums to customer's. Customers tend to follow the trend where they see insurance at less price with a quality product, they would easily change insurers.

Competitors also will be looking to duplicate similar system to retain their existing customers. Competitors would want to know insider information from Allianz, also would want to know if the new system implementation has a positive impact financially to the company,

Competitors would research to how the system is helping Allianz. They would monitor Allianz results by keeping an eye out at Allianz share market to see if the capital is increasing or decreasing. So, competitors don't duplicate Allianz new system application, Allianz would need to get the application regulated so if competitors to copy they would be fined. This would help Allianz to continue to be the leading insurance provider in the market. Competitors may try other tricks by contacting Allianz employees through job recruitment with better pay, so they share Allianz new internal processes. Allianz would need to make sure they are providing a decent wage compared to other insurance companies to keep their existing staff and provide such long-term incentive that employees will not benefit from other companies, such as good pension, life insurance, dental care, buy and sell holidays, discounted car finance and buy shares. Companies that offer long term incentives due to theses incentives employees don't leave a company as they know these incentives are additional to their wage which another company may not be able to match.

## **8. Conclusion**

Allianz strategy is a success as they go through a process of updating and PESTAL and SWOT analysis to reduce risk. One of the main risks in insurance is impact of uncertain environmental changes, Allianz overcome this by proving incentives to homeowners to retrofit their houses such that it protects against damages caused by storms. Allianz state working with the communities and government partners effectively manage risk, so hazards are manageable and, therefore, uninsurable.

Allianz Mission: 'We Secure Your Future', and Allianz Vision: "Living your life with confidence", is achieved through Allianz Values of cultural People Attributes: Customer &

Market Excellence, Collaborative Leadership, Trust, and Entrepreneurship. Employees are performed against those Values so overall company mission is achieved for its customers and investors. Allianz investors are always keen to invest with Allianz as Allianz Strategy is to Bond Fund invests across the fixed income spectrum, taking a global, unconstrained approach to deliver returns from the full range of fixed income instruments (Allianz Insurance plc, 2022).

Allianz are an established company who are known to provide quality product hence they attract allot of commercial organisations with a large fleet as they can fulfil the promise when claims are reported. Big organisations prefer to pay the additional premium where they know they will get their claim progressed quickly with Allianz own network which save's them the time to look for repairers and everything is dealt by Allianz from start to a settlement of a claim. Allianz competitive advantage is that they are always able to implement organisational change as they have the resources, staff, and funding. Allianz always look to implement change moving with technology for their customers and staff, for example for staff using new applications that can complete a manual process such as send automatic text message to client when a third party reports their allegations saving agent the time to draft an email or call the insured, this helps reduce the workload giving staff more time to do other work and meet companies service levels. For Customer new technology gives them optional ways to communicate with Allianz to report claim, such as via online portal, web chat, email, or telephone.

Overall, for Allianz it is important to identity changes before they are implemented due to Allianz being a global company. It is then important to determine if the planned change is a significant change, which this then needs to be carefully evaluated and managed, to see if has further impact on the overall loss control / safety concept.

## 9. Reference

Allianz Insurance plc (2022). Our Organisation (Online) Available at:  
<https://www.allianz.co.uk/about-allianz/our-organisation.html> (Accessed 3<sup>rd</sup> April,2021)

Allianz Life (2022). Allianz at a glance (Online) Available at:  
<https://www.allianzlife.com/about> (Accessed 3<sup>rd</sup> April,2022)

BCcampus (2022). The History of Strategic Management (Online) Available at:  
<https://opentextbc.ca/strategicmanagement/chapter/the-history-of-strategic-management/>  
(Accessed 20<sup>th</sup> April 2022)

Bracker, J.(1980). Academy of Management:The Historical Development of the Strategic Management Concept, Vol. 5, No.2

Cleverism (2022). Understanding the Kubler-Ross Change Curve (Online) Available at:  
<https://www.cleverism.com/understanding-kubler-ross-change-curve/> ( Accessed 20<sup>th</sup> April)

Investopedia (2021). Porter's 5 Forces (Online) Available at:  
<https://www.investopedia.com/terms/p/porter.asp> (Accessed 3<sup>rd</sup> April,2022)

Investopedia (2021). What Is SWOT Analysis? (Online) Available at:  
<https://www.investopedia.com/terms/s/swot.asp> (Accessed 4<sup>th</sup> April,2022)

MindTools(2021).Lewin's Change ManagmentModel(Online)Available at :  
[https://www.mindtools.com/pages/article/newPPM\\_94.htm](https://www.mindtools.com/pages/article/newPPM_94.htm) (Accessed 22<sup>nd</sup> April 2022)

Oxford College of Marketing (2022). What is a PESTEL analysis (Online) Available at:  
<https://blog.oxfordcollegeofmarketing.com/2016/06/30/pestel-analysis/> (Accessed 8<sup>th</sup> April,2022)

Ostroff, C., Kinicki, A. J., & Tamkins, M. M. (2003). Organizational culture and climate. In W.C. Borman, D. R. Ilgen, & R. J. Klimoski (Eds.), Handbook of psychology: Industrial and organizational psychology, Vol. 12, pp. 565–593.

Weiss,J.W. (2001). Organizational Behavior and Change (2<sup>nd</sup> Edition). South Western College.

