

MT301 – Business Strategy Case Analysis

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Q1 -

Based on the information provided, I have identified several strategic issues that Architect Systems (“AS”) is facing. I will discuss a few of these below, including their global expansion, pushing towards digitalisation, transforming the business culture, and analysing the competitive landscape.

Global Expansion Strategy:

AS aims to develop a global strategy to expand its market beyond the EU. However, a major challenge lies in navigating international markets while protecting patent copyrights. This requires careful consideration of legal frameworks, market dynamics, and potential competition in different regions. Developing a robust IP strategy and understanding local laws and regulations related to IP protection in target markets is crucial to safeguarding the company's innovations from infringement.

Expanding globally also requires careful consideration of market entry strategies. AS may need to choose between different entry modes such as exporting, licensing, joint ventures, or establishing subsidiaries. Each option comes with its own set of risks and benefits, and the company must evaluate factors such as market size, regulatory environment, and competitive landscape to determine the most suitable approach. This will be especially relevant if AS intends to set up new manufacturing facilities in other countries, as issues such as obtaining permits and sourcing adequately skilled labour can halt expansion for months or even years (Jackson and Highfield, 2008).

Digitalisation of Business:

The new CEO clearly recognises the importance of digital transformation in staying competitive and meeting evolving customer needs. However, recent estimates indicate between 66% to 84% of digital transformation projects fail due to an insufficient analysis of a

company's competencies and capabilities (Libert et al., 2016). Therefore, defining and implementing an effective digital strategy tailored to its specific business model and objectives is essential. This involves leveraging data and technology to enhance manufacturing processes, creating new service offerings, and potentially transitioning towards a more software-centric business model. Digitalisation presents opportunities for AS to enhance customer engagement and differentiate its offerings which could give the business a competitive advantage over competitors. The company can leverage digital channels such as online platforms, mobile apps, and social media to interact with customers, gather feedback, and tailor solutions to their specific needs. Building strong digital relationships with customers can drive customer loyalty and support long-term growth.

Cultural Transformation:

Tom Boland also expressed his desire to cultivate a more professional culture within the organisation while preserving its entrepreneurial spirit. Balancing managerial accountability with entrepreneurial agility can be challenging, especially in a family-run business where informal decision-making processes may be deeply ingrained. This may involve restructuring organisational hierarchies, clarifying roles and responsibilities, and fostering a culture of accountability and innovation. Engaging employees in the cultural transformation process is also essential for success. AS will need to involve employees in decision-making, provide opportunities for skill development and training, and recognise and reward behaviours that contribute to the company's success. Building a positive work environment where employees feel valued and empowered fosters creativity, collaboration, and commitment to organisational goals.

Understanding the Competitive Landscape:

As the company expands globally and embraces digitalisation, understanding the competitive landscape becomes crucial to effectively compete in the global renewable energy market. This would involve conducting thorough market research, analyzing industry trends, and identifying potential competitors and strategic partners. By staying informed about market dynamics, the company will be able to anticipate changes and adapt its strategy accordingly. Based on its understanding of the competitive landscape, AS should define a clear strategic positioning that differentiates it from competitors. This may involve emphasizing factors such as product quality, innovation, sustainability, or customer service. By aligning its strengths

with market needs, the company can carve out a unique market niche and capture value in competitive markets.

Q2 -

Digitalisation has become a critical driver of competitive advantage and business transformation across industries. By developing a robust digital strategy, AS can leverage technology to enhance its operations, differentiate its offerings, and create sustainable value for customers and stakeholders. This recommendation aligns with the views of numerous scholars and organisations, and has become one of the most important strategy implementations in modern business.

Digital technology can significantly influence competitive forces within an industry by offering new functionality, more reliability, and capabilities that transcend traditional production limits (Porter and Heppelmann, 2014). Through digitalisation, AS can strengthen its bargaining power with suppliers, reduce the threat of new entrants by building barriers to entry through technological capabilities, and enhance customer loyalty and switching costs by delivering superior digital experiences.

Michael Porter has spearheaded much of the most respected research into digital transformation, and his framework below will allow us to assess AS' market conditions and areas where digitisation can be helpful.

Supplier Bargaining Power: Supplier bargaining power refers to the leverage and influence that suppliers hold over companies with whom they do business, and is significant because it affects the terms and prices of raw materials or services that companies rely on to produce their goods or services. In terms of the materials likely involved in the production of wind and solar power equipment, large-scale suppliers of raw materials and electronics often command a higher bargaining power which would lower AS' profitability. Digitalisation can help to tackle this bargaining power by enhancing the company's relationships with these suppliers through improved communication, collaboration, and supply chain visibility. For example, by implementing digital supply chain management systems, the company can optimise inventory levels, streamline the procurement process, and potentially negotiate favourable terms with suppliers (Siebel, 2017). Additionally, leveraging data analytics can

provide insights into supplier performance and market trends, enabling AS to make informed sourcing decisions.

Buyer Bargaining Power: A buyer's bargaining power refers to the ability of customers to influence the prices of products or services offered by companies. If there are only a few buyers in the market or if one buyer accounts for a significant portion of the company's sales, buyers may have more bargaining power. As an SME currently only operating within European markets, AS will have a relatively smaller customer base than its competitors. With fewer customers, and likely higher costs due to a lack of economies of scale and brand awareness, buyers will have strong bargaining power too. Through effective digitalisation, AS can combat this by enhancing customer engagement and loyalty by delivering personalised experiences and value-added services. By leveraging customer data and analytics, the company can segment its customer base, identify unique preferences, and tailor its offerings to meet individual needs. Furthermore, by integrating digital channels such as e-commerce platforms and mobile applications, AS can provide customers with convenient access to its products and services, reducing switching costs and strengthening customer relationships.

Threat of New Entrants: According to Porter, the threat of new entrants into a market puts pressure on the potential profits of existing companies, and is dependent on the height of barriers to entry that are present (Porter, 2008, p. 137). The production of solar and wind equipment has high barriers to entry due to the considerable capital costs and technical expertise associated with producing such a specialised product. Digital technology can be used to AS' advantage by helping to create barriers to entry for potential competitors. Establishing unique products and services under protected patents would build a technological moat around its business and discourage new entrants in the industry. Furthermore, by leveraging data-driven insights and predictive analytics, the company can anticipate market trends and preemptively respond to emerging threats from new entrants.

Threat of Substitute Products or Services: This is the risk posed by alternatives that fulfil a similar need or function as a company's offerings, which can affect a company's market share, pricing power, and profitability. Renewable energies like wind and solar experience competition mainly from alternative sources of energy such as nuclear power, or traditional sources like gas and coal. However, demand for solar and wind products has grown considerably in recent years due to the global push towards carbon neutrality, with many governments offering incentives to customers who use renewable energy sources. Hence AS

main threat of substitutes comes from other producers of solar and wind equipment, meaning they will need to offer a product or service that sets them apart. Digitalisation could enable AS to differentiate its offerings and create value propositions that are difficult for competitors to replicate. By leveraging advanced technologies such as artificial intelligence, the company can enhance the performance, reliability, and efficiency of its products and services.

Competitive Rivalry: Strong competition within an industry can drive down prices for products, which would negatively affect a firm's profitability. As previously mentioned, demand for renewable energies like wind and solar has grown considerably over the past few years which has resulted in many new companies entering the industry and creating stronger competition. This would be especially relevant to AS as they attempt to enter more global markets. Digitalisation can empower AS to gain a competitive edge by enhancing operational efficiency, agility, and innovation. By digitising core business processes such as product development, manufacturing, and marketing, the company can streamline operations, reduce costs, and accelerate time-to-market. A differentiated product protected by patents and copyrights, and sustainable growth in the scale, would allow AS to overcome market competitors and nurture the long-term health of the business.

Based on my analysis above, I would recommend that AS focus on developing a comprehensive digital strategy to address the strategic issue of digitalisation of the business. Developing a comprehensive digital strategy is essential for AS to navigate the complexities of digital transformation and seize opportunities in the renewable energy market. The main issue is not on how to get data, but how to use it and transform it to get business focus and business value (Ribeiro, 2019). By drawing insights from the data they collect, the company can make well-informed strategic decisions for sustainable growth and competitive advantage in the digital age.

My recommendations to AS would firstly be to conduct an in-depth analysis of the company's capabilities and resources. Digitisation can be a very costly strategy to implement, so it is vital to understand what the company can allocate to this project bearing in mind the risks involved if it isn't effective. AS then needs to decide on what its objectives are from this strategy, whether that be focusing on internal processes such as its inventory and supply chains, or on external factors such as customer services and tailored solutions.

In terms of internal factors, I would recommend that AS implement a digital means of tracking their material and finished product inventories, and their orders from both suppliers and customers. This will allow them to better forecast the required materials and shipping times, which will harbour a better relationship with both suppliers and customers.

As for a more external focus, I would recommend creating an online customer platform that would streamline the ordering process, provide accurate shipping information, and enable customers to get advice and help with product queries. With proper analysis of the data attained from the platform, AS can offer tailored recommendations to each customer based on their habits. They could also employ the use of artificial intelligence to provide instant customer services and help desks.

Q3 -

Applying a Blue Ocean Strategy perspective to the case of AS involves identifying and capitalising on opportunities for value innovation in the renewable energy market. Blue Ocean Strategy emphasises creating uncontested market space where competition is irrelevant by pursuing both differentiation and low costs. I will analyse some of AS' strategic objectives and identify areas where value innovation can help the company to unlock untapped demand.

Global Expansion Strategy:

AS' ambition to expand into more global markets presents an opportunity to explore untapped international markets where competition is less intense or nonexistent. Instead of directly competing with established players in saturated markets, the company can identify emerging markets or regions where demand for renewable energy solutions is growing and is underserved by existing providers. Blue Ocean Strategy doesn't necessarily need to be a brand-new market. Being the first company to properly develop and exploit an existing market can often provide even stronger growth (Lindič, Bavdaž and Kovačič, 2012). By focusing on these blue ocean markets, Architect Systems can tailor its products and services to meet the specific needs and preferences of customers in these regions. This may involve adapting its technology to local environmental conditions, regulatory requirements, and cultural preferences, thereby creating a unique value proposition that sets it apart from

competitors. Value can also be found by focusing on reducing costs for the consumer. Building effective supply chains, well optimised marketing strategies, and sourcing cheaper raw materials or alternative materials can all create extra value for customers and give AS a product that is very difficult to compete with.

In order to properly identify attractive gaps in the international market, thorough market research will need to be conducted. This would involve analysing factors such as energy demand, regulatory requirements, infrastructure development, and the competitive landscape. Entering new markets can also carry risk, and a proper entry strategy must be formulated. Strategies such as exporting, licensing, joint ventures, or establishing subsidiaries could all be viable characteristics of target markets. The company should prioritise approaches that minimise risk and maximise flexibility while leveraging its core competencies and resources.

Digitalisation of Business:

AS can leverage digital technologies to pioneer innovative solutions that redefine the renewable energy landscape, creating uncontested market space where competition is irrelevant. This aligns with the core principles of Blue Ocean Strategy, which emphasise the creation of new value for customers through innovation.

Instead of simply digitising existing processes or following industry trends, Architect Systems can pioneer innovative digital solutions that integrate renewable energy generation, storage, and distribution in novel ways. By combining digital technologies with renewable energy expertise, the company can create a new market space that offers unparalleled value. This could include integrated digital platforms that incorporate advanced analytics and machine learning algorithms to optimise energy efficiency, predict maintenance needs, and provide real-time insights for decision-making, providing an unrivalled product in the market. Digitalisation initiatives should be implemented in an agile manner, with a focus on rapid prototyping, testing, and iteration. This will allow AS to quickly respond to market feedback, refine its digital offerings, and adapt to changing customer needs and preferences. This rapid innovation will allow the continued effectiveness of the Blue Ocean Strategy by staying ahead of any competitors, as blue oceans are not sustainable in the long run without constant

innovation (Agnihotri, 2016). Value could also be created by implementing some of the internal digitisation projects mentioned in previous sections, such as an inventory management system and streamlined procurement process, in order to minimise costs to the consumer. Continued offering of a differentiated product or service to its customers will be essential for AS to remain in a blue ocean and achieve the financial growth they desire.

Cultural Transformation:

In terms of the development of a more professional culture that Tom Boland wants to implement, AS can differentiate itself by fostering a culture of innovation, collaboration, and customer-centricity. Instead of replicating traditional corporate cultures, the company can create a blue ocean workplace by challenging conventional industry norms and fostering a culture of continuous innovation. that encourages creativity, autonomy, and learning.

By empowering employees to think outside the box and experiment with new ideas, AS can unlock untapped potential and drive innovation from within. The company can establish incentives and reward systems that recognise and encourage entrepreneurial behaviour, fostering a culture of ownership and accountability.

Cultural transformation begins with strong leadership commitment and vision. Senior executives at AS should champion the importance of innovation, collaboration, and customer-centricity, and lead by example in embracing new ways of working. However, transforming the culture within a business will also depend on all staff being on board too. Even if they don't agree with the changes, everyone needs to have a clear understanding of the desired culture and agree to support them (Yohn, 2021). The company should empower employees to take ownership of their work and pursue innovative ideas. This may involve creating cross-functional teams, establishing innovation labs, or implementing open-door policies that encourage communication and collaboration across all levels of the organisation. Creating channels for open communication and feedback, where employees feel comfortable sharing ideas, raising concerns, and providing input on business decisions, can give AS a distinct advantage over competitors that can be hard to compete with. This could involve regular town hall meetings, employee surveys, or suggestion boxes that solicit feedback from employees across the organisation. This cultural shift can serve as a key driver of organisational success and competitive advantage in the dynamic renewable energy market.

Applying a Blue Ocean Strategy perspective to the case of AS involves identifying and capitalising on opportunities for value innovation in the renewable energy market. By focusing on creating uncontested market space through global expansion, digitalisation, and cultural transformation, the company can differentiate itself from competitors and achieve sustainable growth and success.

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