

Strategic Management

Name

Instructor

Institution

Location

Date of Submission

Table of contents

1	Introduction.....	3
2	Task 1.....	3
2.1	Major features of the current strategy of UPS.....	3
2.1.1	The strategy links UPS to the business environment	3
2.1.2	Entails a combination of both internal and external factors	4
2.1.3	It involves a combination of actions.....	4
2.1.4	The strategy is forward looking.....	4
2.1.5	Takes the needs of all stakeholders into consideration	4
2.2	Extent to which the current strategy is aligned with the environment.....	4
2.2.1	UPS PESTEL analysis	5
2.3	Extent to which the current strategy is aligned with the strategic capability of UPS	7
2.3.1	SWOT analysis.....	7
2.3.2	Value Chain Analysis of UPS.....	8
2.4	Stakeholders of UPS.....	10
3	Task 2.....	11
3.1	UPS Strategy for the future and how it will be different from the current strategy.....	11
3.2	How the future strategy will offer a better fit with the environment facing UPS	12
4	Task 3.....	14
4.1	Balance of intended and emergent approaches to the formation of strategy at UPS	14
4.2	extent to which a balance of intended and emergent approaches to the strategy formation process is appropriate for the future.....	14
	References	15

1 Introduction

This paper focuses on the topic of strategic management and discusses the topic on the context of UPS which is the world's biggest express carrier and package delivery company.

2 Task 1

2.1 Major features of the current strategy of UPS

As has been highlighted by the Johnson, Scholes, and Whittington (2005), even though there are many different explanations of what a strategy entails, the characteristics that distinguish strategic decisions from other decisions taken within an organization can be used to establish what a strategy is. In addition to that, Johnson et al. (2005), have gone further and explained that strategy comprises of the specific direction and scope of an organization over the long term with the overall objective been to achieve the expectations of all the stakeholders. The major features of the current strategy of UPS will be discussed in this section.

2.1.1 The strategy links UPS to the business environment

From the analysis of the strategy in place at UPS, it can be explained that the strategy has linked UPS to the external environment that the organization operates in. Indeed, it can be elaborated that UPS analyzes the environment that it is operating in and then develops a strategy that will ensure that it will be successful in that environment. For example, as discussed by University of San Francisco (2013), UPS identified the need for

a 'direct-to-store' delivery model and then developed a strategy to ensure that the company could provide such a model.

2.1.2 Entails a combination of both internal and external factors

In order for UPS to be effective, the organization has adopted a strategy that has been developed when taking into consideration both the internal and external factors. In particular, it can be explained that the strategy adopted capitalizes on the strengths of UPS while at the same time addresses the threats that the company is likely to face.

2.1.3 It involves a combination of actions

The strategy of UPS comprises of a combination of various actions so that in the long run, the company can meet its objective.

2.1.4 The strategy is forward looking

The strategy that is in place at UPS can be explained to be forward looking since the overall aim of the strategy is to ensure that the organization achieves its objectives.

2.1.5 Takes the needs of all stakeholders into consideration

A review of the strategy of UPS shows that when developing the strategy, the needs and objectives of the various stakeholders were taken into consideration.

2.2 Extent to which the current strategy is aligned with the environment

According to Dess et al. (2014), in order for organizations to be effective in the respective environments that they operate in, the environments have to ensure that the strategy that they implement aligns with the environment that they operate in. Thus, in

case of UPS, in order to understand the extent to which the current strategy is aligned to with the environment, a PESTEL analysis of UPS will be carried out.

2.2.1 UPS PESTEL analysis

PESTEL analysis is an external analysis framework that analyzes the political, economic, social, technological, environmental and legal factors that are likely to have an impact into the operations of a given organization.

2.2.1.1 Political factors

UPS predominantly operates in regions that are politically stable. However, it can be explained that the company has to comply with the various regulations that are in place in the various markets that it operates in since failure to do that would result to the company either been fined or banned from operating in some countries.

2.2.1.2 Economical factors

As a company that has operations in various countries, UPS has to take into consideration the economic factors in various countries that it operates it and when need be, modify the strategy implemented so that the company can be able to make profits. For example, when the tax rate increases, the company might have to increase the price for its services so that it can be able to have good profit margins.

2.2.1.3 Social cultural factors

For the last couple of years, the number of people buying online as well as the number of businesses that are now offering their products online have been on the increase.

Thus, it can be explained that UPS has a good opportunity to maximize its business due to increased demand for parcel services worldwide.

2.2.1.4 Technological factors

Technological advancements have been used by various organizations to enhance their efficiency and effectiveness. Indeed, as noted by University of San Francisco (2013), UPS has been able to be more effective by embracing technological advancements. Precisely, University of San Francisco (2013) has explained that the cloud-based platform that UPS uses permits more streamlined cooperation among shippers as well as their international suppliers, offering cost savings through consolidated freight shipments as well as ideal use of containers.

2.2.1.5 Environmental factors

In order to ensure that UPS has minimal negative impacts on the environment, the company has put in place various measures that are aimed at minimizing pollution so that the company can comply with existing regulations pertaining to carbon emissions.

2.2.1.6 Legal factors

UPS complies with various rules and regulations that are in place in the different countries that the company operates in. Indeed, it can be explained that failure of the company to comply with the existing rules and regulations could have devastating impacts to the operations of the company.

From the PESTLE analysis, there is sufficient evidence to show that the present strategy at UPS is strongly aligned with the environment that the company operates in. The reason why that is the case can be explained to be mainly due to the fact that the management of UPS are aware of the fact that if the strategy is not aligned with the environment, it will be almost impossible for the company to succeed.

2.3 Extent to which the current strategy is aligned with the strategic capability of UPS

2.3.1 SWOT analysis

2.3.1.1 Strengths

- UPS has got extensive presence in various markets
- UPS brand is well recognized in various countries
- The company has good knowledge of the market

2.3.1.2 Weaknesses

- UPS mainly depends on delivery employees
- Totally dependent on the parcel services

2.3.1.3 Opportunities

- The company had the opportunity to expand into other markets
- The company has the opportunity to acquire existing small companies resulting to a larger market share

2.3.1.4 Threats

- Increased competition from established competitors

- Currency exchange fluctuations
- Tough environmental regulations

2.3.2 Value Chain Analysis of UPS

2.3.2.1 Support Activities

Administration and management

- UPS uses an automated system that is known as Package Level Details (PLD).
The system is capable of ensuring precise calculations of costs for the accounting.

Human Resources

- The PLD ensures that the HR department is able to have a clear understanding of the labor costs for each shipping segment

Technology

- UPS GPS-based aircraft navigation system helps the company to save fuel as well as well as the amount of time the flights spends in the airport.

Procurement

- The company has bought planes to be used in the delivery of the parcels

2.3.2.2 Primary activities

Inbound logistics

- The order entry system at UPS has made it possible for the company to become more efficient since by ensuring that customers submit their shipping details in advance, the

company is able to avoid many inefficiencies brought about by the incorrect shipping details.

Operations

- UPS has embraced latest technological innovations such as PLD, Geographical Information Systems (GIS) through its technological competence and by doing that enhance efficiency in operations.

Outbound Logistics

- UPS system is capable of processing delivery information entered by the customer and schedule delivery at the same time
- The Delivery Information Acquisition Device (DIAD) develops a manifest that is used by the truck drivers when they are out for delivery

Marketing and sales

- UPS implements various marketing strategies that plays a major role in helping the company maintain its market share

Customer Services

- The company puts customer satisfaction as one of its main objectives and has thoroughly trained all the employees in order to ensure that the customers are fully satisfied with the services offered.

From the analysis, it can be noted that the current strategy is totally aligned with the strategic capability of UPS since as evidence from the value chain analysis, the company has relied on its technical competence to enhance its efficiency and effectiveness.

2.4 Stakeholders of UPS

A stakeholder can be explained as a party that has interest in a given company and is either directly or indirectly affected by the activities of the business. For the stakeholders that are directly affected, they are referred to as internal or primary stakeholders while on the other hand, the other stakeholders who are indirectly affected are referred to as indirect or secondary stakeholders. In case of UPS, the company has both direct and indirect stakeholders.

The major stakeholders of UPS and their objectives are:

- a) **Customers** - Their objectives is to have their parcels delivered in a timely manner
- b) **Employees** - Their objective is to earn good salaries and at the same time develop professionally
- c) **Shareholders** - They have invested in UPS and their objective is to get good returns from their investment
- d) **Partners** - Their objective is to have mutual relationship with UPS

In view of the extent to which the current strategy is aligned to the stakeholders objectives, it can be noted that the strategy in place at UPS is totally aligned with the

stakeholders and their objectives since the company is aware of the fact that by doing that, it is going to be successful. Indeed, if the strategy of UPS was not aligned to the objective of the stakeholder, the company would not be able to be effective.

3 Task 2

3.1 UPS Strategy for the future and how it will be different from the current strategy

As explained by Wei (2015) and Garvin and Levesque (2006), those who are in charge of management at UPS have always been aware of the fact that the strategy they will use will have a major impact on determining whether the company will be a success or whether it will be a failure.

From Porter's generic competitive strategy perspective, there are normally three main strategies that any given organization can choose to use in order for it to achieve a competitive advantage over the competitors or differentiate itself from other competitors that it competes with. The three strategies comprises of low cost, differentiation or focus (Kiechel, 2010).

As far as the strategy that is adopted by UPS at the moment is concerned, it can be explained that the strategy that has made the company to be successful over the years has been focus strategy since the company has had a clear understanding of the market as well as the segments that it serves and as a result, the company has been able to offer the customers services that satisfies (Thomas, 2010).

Nevertheless, as pointed out by Thomas (2010), the focus strategy that has played a crucial role in the success of the company has for the last couple of years faced stiff competition from other competitors such as Federal Express and Roadway Package Services as these competitors have also ventured into the parcel delivery sector and took some customers from UPS.

Thus, to address the threat posed by the competitors, it is high time that UPS implements a strategy that will ensure that the services offered by the company are totally different to the services that are offered by other competitors. Thus, the UPS strategy for the future should be differentiation and it should be different to the current strategy since it will differentiate the company services with the services offered by other competitors.

3.2 How the future strategy will offer a better fit with the environment facing UPS

As highlighted in the previous sub-section, the focus strategy that has served UPS quite well for the last number of years is no longer sustainable as there are more companies that have entered the sector that UPS operates in and have subsequently taken some of UPS customers. Thus, in order to enhance the competitiveness of UPS in the highly competitive environment that the company operates in, the company has to adopt a differentiation strategy.

Differentiation strategy as discussed by Porter (1985) as the name suggests entails differentiating the products or services that are offered by the company. In this strategy, an organization that use the strategy has to ensure that the products or services that it is offering to the market have a feature that makes them unique while compared to the other competing products or services. The unique features have to either be real or instilled in the minds of the customers so that the customers will be of the view that the product is the best when compared to other products or services.

As far as UPS is concerned, the differentiation strategy will be ideal strategy for the company since even though it might be expensive to implement, it will have long term benefits for the company since customers will use the services offered by UPS for a long term as the strategy will ensure that the customers become loyal customers. On the other hand, once the company has loyal customers, it can focus on the various aspects of the service without having to worry about the prices since loyal customers are less price sensitive.

In view of the feasibility of the differentiation strategy, it can be explained that UPS already has the required resources to ensure that it effectively implements the strategy. Indeed, the company's competent workforce, its effective enterprise resource planning and effective value chain will all be vital in ensuring that the differentiation strategy is effective. One of the aspect that the company could incorporate to its service offering to make it different to what the other competitors are offering could include; making it

possible for customers to have their parcels delivered to the location that they are in at the time when the delivery man is out.

4 Task 3

4.1 Balance of intended and emergent approaches to the formation of strategy at UPS

4.2 extent to which a balance of intended and emergent approaches to the strategy formation process is appropriate for the future

References

- Dess, G., Lumpkin, T. G., Eisner, A., McNamara, G. (2014). *Strategic Management : Text and Cases (7th Ed)*. New York : McGraw Hill.
- Garvin, D. A., Levesque. L. C. (2006). *Strategic planning at united parcel service*: Retrieved from:
http://cb.hbsp.harvard.edu/cb/web/he/product_view.seam?R=306002-PDF-ENG&T=EDC&C=PURCHASED_MATERIALS&CD=10137534&CS=9b0458117dabf501e702e9b9f7826bc7
- Johnson, G., Scholes, K., Whittington, R. (2005) *Exploring Corporate Strategy: Text Only (7th Edition)*. New York : Pearson Prentice Hall.
- Kiechel, W. (2010). *The Lords of Strategy*. Harvard: Harvard Business Press.
- Porter, M. (1985) *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: Free Press.
- Thomas, G. J. (2010). *Generic competitive strategy*. Retrieved from:
<http://www.referenceforbusiness.com/management/Ex-Gov/Generic-Competitive-Strategies.html>
- University of San Francisco (2013). *UPS Logistics a Masterpiece of Streamlined Supply Chain Management*. Retrieved from:
http://www.supplychain247.com/article/ups_logistics_a_masterpiece_of_streamlined_supply_chain_management/green
- Wei, J. (2015). *UPS Vs. FedEx: Comparing Business Models and Strategies*. Retrieved from:

<http://www.investopedia.com/articles/markets/120115/ups-vs-fedex-comparing-business-models-and-strategies.asp>