RUNNING HEAD: REPORT

Foundations of Workplace Success

Name of Student

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Executive Summary

Woolworths Group Ltd is a company headquartered in Australia and it is declared as the second-largest company of Australia and also the second-largest in New Zealand. Typically a situation analysis includes analysis of competitors, analysis of positioning, consumer trends, technology trends, strength weakness opportunities threats analysis. The pestle analysis of Woolworths Limited will unearth the new challenges a company can face in its macro environment. Porter's analysis helps a company arrive at a position that is not just profitable but also is less venerable to external threats and competitors. SWOT analysis is a way to assess the current situation of the company in terms of its external and internal factors. Continuous innovation and improvements in technology can have an immensely positive impact on its operations. Based on the analysis of the company, a lot of business recommendations can be made to the company both in critique and the support of its current management approaches and strategies.

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# Introduction

Woolworths Group Ltd is a company headquartered in Australia and its extensive retail business is spread throughout Australia and New Zealand. Concerning the revenue, it is declared as the second-largest company of Australia and also the second-largest in New Zealand. The company serves various segments that comprise of Endeavour Drinks Group, Australian Food and Petrol, BIGW, Hotels and the supermarkets in New Zealand. The food and petrol segment of the company in the home country is involved in the purchase of food and petroleum products with the purpose of reselling. In New Zealand, the Supermarkets segment deals with the purchase and sale of liquor and food products (Pritchard, 2000). One of the segments, BIGW deals in the trading of discount general merchandise. The group also engages in business activities linked with leisure and hospitality services. The company is listed on the Australian Stock Exchange and shows a significant performance since its incorporation. This report seeks to analyze the current situation of the company with regards to its environment and management practices.

Situational Analysis

A situation analysis or strategic analysis or SWOT analysis or environmental scanning is an ongoing monitoring and review exercise to keep aware of your environment for informed decisions. The reason being while planning for the long term is important, the ability to pivot is also important to achieve your objectives also called adaptive planning. Typically a situation analysis includes Analysis of competitors, Analysis of positioning, Consumer Trends, Technology trends, Strength Weakness Opportunities Threats analysis. All of these things are tools used to get to the key insight, that way of looking at the business challenges and reimagining them such that a new solution presents itself. It is from there that the new marketing plan will emerge. If you have done your job properly, there should be a clear connection between your analysis and your campaign.

## PESTLE analysis

PESTLE analysis is a common strategic framework employed to analyze the current factors in the macro environment of an organization. Every factor has an impact on the business operations of a company. The pestle analysis of Woolworths Limited will unearth the new challenges a company can face in its macro environment. The external factors consist of political, legal, technological, social, economic, and environmental factors that can have a direct or indirect impact on the company (Rastogi and Trivedi, 2016).

Political factors of the countries in which Woolworths is operating plays a pivotal role in determining the success and failure of its operations. Woolworths also exposes itself to various vulnerabilities. The duopolistic nature of the retail market faces a high pressure from the government. The level of corruption, government policies, taxation policies, and government regulations in the Food & Staples Retailing has exerted pressure on the company’s operations. Coming to the economic factors, the lackluster consumer spending in Australia has a huge impact on retail businesses. Easy regulations have also resulted in the ease in the entry of new entrants in the retail market, especially the online retail market. Labor cost has also resulted in an increase in the cost of operations of the retail company. Inflation rate also decreases the consumer spending on food products.

Technology has an immense impact on business operations in many industries. Woolworth recently took an It transformation initiative and rolled out a new merchandising platform with expectations to improve its business performance and boost sales. The company also rolled out its cloud-based SAP success-factors HR system that is declared by one of the huge payroll implementations in Australia. By implementing such systems the company aims at becoming the multinational and global leader in the retail industry. Environmental factors have also an impact on Woolworth’s operations since its refrigeration results in the emission of greenhouse gases. The company also engages in the installation of LED lights and re-using the heat generated from its refrigerators to help electricity savings. Retail business highly relies on good relationships with the business partners and poor relationships with suppliers can impact Woolworth negatively. In addition, the legal battle of the company with the Australian Competition and Consumer Commission (ACCC) impact on the company's reputation and the company is bound to follow what law requires.

## Competitor analysis with application to Porter’s Five Forces

Porter’s five force analysis is a great tool that helps in assessing the structure of the respective industry and its competitive position in that industry. This tool was presented by Michael. E. Porter in 1979, in Harvard Business Review (Porter, 2008). Porter's analysis helps a company arrive at a position that is not just profitable but also is less venerable to external threats and competitors. The first element in this framework is Bargaining power of buyers. The country in which Woolworths is operating, retail customers have a low switching cost and products are practically homogenous. That results in the high bargaining power of retail store buyers.

The second element that has to be considered as part of this analysis is the Bargaining power of suppliers. The power of suppliers in the retail industry is high to moderate and is dependent on the factors like the supplier's name and size of the supermarket. Suppliers have also less control over the prices owing to their huge number in the market. The next factor to consider is the threat of substitute products or services. When it comes to the products, not a lot of substitute products are available in the market. The threat of substitute products is weak, but when it comes to the service, consumers have can opt for other substile services such as online retail stores, several affiliated petrol stations, and other grocery shops. Some of the factors that play a part in this regard are parking availability, proximity to home and prices charged.

The company also faces competition from the existing companies and emerging businesses such as Asda, Coles on the factors of low prices (Keith, 2012). Hence the rivalry amid competitors can be denoted as moderate to high. Huge capital is required to enter this market alongside dealing with the regulatory requirements, which makes the threat of new players moderate to low (Gans and King, 2004). Supplier partnership is another factor that may not allow the players to this market effortlessly.

## SWOT analysis

SWOT analysis is another way to assess the current situation of the company in terms of its external and internal factors. The internal environment is denoted in the form of strengths and weaknesses while the explicit factors are threats and opportunities (Hay and Castilla, 2006). Woolworths Group does a lot of good things in its gamut of operations that makes it different from its competitors. It is considered as the market leader along with one of its competitors Coles. The company holds almost 80% market share of the Australian retail market and the product portfolio is wide-ranging. The company has successfully targeted the wealthy class of customers and later targeted the lower value segments (Dos Santos et al., 2013). In addition, it successfully manages the perceptions, hires the most diverse staff and adopts an aggressive promotional strategy. The company is also weak in some areas and need improvement such as confused positioning. This is something that confuses customers about who is the real target market of the company. The dominant position of the company has resulted in weak supplier relations that eventually impact the company’s operations negatively. In addition, the company has a low international presence that is not good for the future competitive position of the company.

The company has some great opportunities to excel in its operations and in the retail industry. The company can excel in the market by enhancing the in-store experience for its customers in the form of personalized services. The company can compete with the existing players by offering competitive prices. The company can tap the untargeted customer market by makings its market offering competitive. There are immense opportunities to expand in emerging economies. In addition, technologies such as big data analytics can also assist the company in enhancing efficiency and experience. Threats are the external forces that can impact the company's ability to generate revenues. The price wars in the retail industry and its players is a major threat. The company is continuously faced with the pressure of offering competitive prices. The retail growth in Australia is also stagnated and one of its competitors is expanding aggressively. This trend can be followed by other players as well, posing a high threat to the company's performance.

# Critical analysis of current situation including current management approaches; key stakeholders, organizational structure

The key management approaches and theories are based on the role of managers in an organization. Some of the early theories include the management approaches given by Henri Fayol, Frederick Winslow Taylor, Max Weber, and Mintzberg. Each of these theories explored some roles of higher management such as Henri Fayol defined six roles of a manager forecasting, planning, organizing, commanding, coordinating and controlling. He also emphasized on the specialized management and the decision to how much power a subordinate will have is also is in the hands of a manager. Taylor came up with the concept of scientific management and emphasized productivity in the workers. The principles of management given by Taylor not only provide a basis of the efficient workforce but also results in a co-operative environment. He gave the concept of the right person for the right job. Max Weber, a Sociologist, highly favored the bureaucratic system in an organisation. He emphasized that it lessens the risk of corruption and according to him an ideal organisation is the one with the hierarchical power structure. Mintzberg deliberated 10 Management Roles by dividing them into three different categories (Taylor et al., 2002). Each set of managers perform different roles and responsibilities for the organization. Each role has different expectations from the managers.

The company, Woolworths follows a hierarchical management structure as revealed by its structure. There are clearly defined reporting relationships and distribution of power aimed at increasing the efficiency of workers based on the Taylor principles of scientific management. A standard system developed by the leadership is also followed. Higher management is assigned with different roles and responsibilities and they determine the decision making power as well (“Group Executive Committee - Woolworths Group,” n.d.). All the decisions are made by the top management and dictated to the employees who are kept unaware of the uncertainties in business operations. Such a management style is also termed as autocratic style, characterized by management holding the decision making power. This style also results in a little bit of job satisfaction among employees. The organizational structure of the company unearths that the company has broken down the management roles and duties to simplify the structure, as recommended by Mintzberg.

Strong stakeholder partnerships are considered as the foundation of sustainable business and future at Woolworths. The company is aimed at influencing and impacting their stakeholders to leverage from the stakeholder's base. In addition, the company is aimed at creating the shared value from its activities by detecting the business and societal benefits from all of its stakeholders. Woolworths alongside managing its risks also aims at meeting the stakeholder's needs and expectations. The key stakeholders of the Woolworths Group consist of customers, employees, communities, suppliers, shareholders, and creditors as well. The entire business revolves around taking care of customers and satisfying them. Customers are satisfied by the means of product quality, value, and sustainability.

The company employees over more than 46 000 people across its global operations and takes care of employees' wellbeing by offering them opportunities for enhancing their skills, boosting their knowledge conducive working environments. With regard to the suppliers of the company, thousands of direct and indirect suppliers are in contact with the company for sourcing of its goods and services. Woolworths management strives its best to deliver favorable terms and support to foster long-term sustainable relationships with its suppliers.

The company also takes care of its communities in which they operate encompassing South Africa and many other sub-Saharan African nations along with New Zealand and Australia (“Our Stakeholders – Woolworths Holdings Limited,” n.d.). They entirely take part in serving their communities and take some upliftment initiatives in those communities. Woolworths is a publicly-traded company and its shareholders are also considered as another important asset. They vary from major institutions to individuals. The debt funders of the company are a chief source of capital and help the company to adequately manage its finances. The company also takes care of its shareholders and creditors. The range of other stakeholders includes government departments, and non-governmental corporations, academic, and media, with which the company develops relationships to attain long-standing corporate sustainability.

# Recommendations

Based on the analysis of the company, a lot of business recommendations can be made to the company both in critique and the support of its current management approaches and strategies. Woolworths Group can excel in future endeavors by adopting a few recommended strategies. Based on the fact that the retail market in Australia is driven by low prices, it is therefore not a very attractive opportunity for the new businesses mainly owing to the reduced margins of profit. Hence, it is highly suggested to the company to reframe its strategies based on the changing regulations and political conditions of both Australia and New Zealand. In this way, the company would be able to avoid its future mishaps.

The SWOT analysis unearths some great opportunities that the company can uncap to excel in its operations and in the retail industry. The company can outdo in the market by increasing the in-store experience for its customers by offering them personalized services. There are immense opportunities to expand in the emerging economies hence the company must consider developing its strategic alliance between business operations and core business functions. The company can also deal with the existing players by offering competitive prices and can uncap the untargeted customer market by makings its market offering competitive (Helfat and Winter, 2011). A rewards program can increase customer satisfaction and can enable the company to generate more revenues from its operations.

Woolworth requires to alter its policy about Pricing, this can benefit it by providing a chance to survive in the competitive domain. Since customer never denies paying increased prices for good quality stuff, therefore Woolworth may consider increasing its prices. This can provide it leverage since customers will tend to buy its products. Furthermore, it needs to adopt a policy of fair price, which has largely been ignored in the past. With adopting such policy, Company can benefit from having a cost-effective leadership approach, with the chance of benefitting the customers, which is the requirement of declined prices.

Continuous innovation and improvements in technology can have an immensely positive impact on its operations. The cost leadership is one of the skills of the company and it can be used to further cut down on its operating costs. The company can also go for a ‘just-in-time’ strategy can be effective for the company. The company can cut the training cost by employing well-skilled employees. The company is highly recommended to use its strengths to take benefit from the available opportunities and improve its weaknesses. The management is facing challenges due to the restructure of its management and it has to face challenges in the Fair Work Commission. The company must deal with the emerging challenges resulting from the changes the company is making. The company can keep its customers coming back by offering them quick services at check-outs, always keeping the stock and using self-serve check-outs.

# Conclusion

To sum up, this report has discussed an Introduction, a macro-environmental analysis, Competitor analysis with application to Porter’s Five Forces, a micro-environmental SWOT analysis has been conducted. Giant business monoliths like that of Woolworths, with boards of directors and networks of supply chains that bleed local providers and dictate the market are becoming an outmoded institution. It is not very simple for the emerging players and the rivals to beat the company. However, it is worth mentioning that the retail world is at a flux and the demands of consumers are altering every second. Accordingly, Woolworths must be ready to assist the clients all the time with state-of-the-art approaches (Farmar-Bowers et al., 2012). Since shoppers’ social trends and choices incline to showcase dynamism, the retail giant can satisfy the requirements on account of considering the higher growth level strategies.

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