Environmental Scanning

[Author Name(s), First M. Last, Omit Titles and Degrees]

[Institutional Affiliation(s)]

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The process of gathering information about different events and relating them with the internal and external environment of an organization is the process known as environmental scanning. This analysis of the environment guides management about the future strategies of an organization. For the purpose of this assignment, the organizations selected are Cisco Systems Inc., a networking system developer. The company operates in the IT industry, has headquarters in California, and operates globally. Environmental scanning of the company will provide an outlook on the internal and external positives, both favorable and unfavorable, for its strategic success and competitive position. The process of environmental scanning involves the use of different tools and techniques, amid those SWOT analysis is the most popular one utilized for strategic planning (Ghazinoory, Esmail Zadeh, & Memariani, 2007).

To begin with, the favorable factors in the internal environment of the company, denoted as strengths, Cisco has a high brand value of more than $19.162 billion. According to Brand finance, it is ranked as 52nd and is also regarded as the tech leader owing to the acquisitions it has made. Moreover, Cisco has a high market share in the routers market, in the LAN market, and in the marketing equipment. Acquisitions are another factor credited for its competitive advantage, though such acquisitions are very challenging (Graebner, Eisenhardt, & Roundy, 2010). In addition, the company enjoys a strong financial position and financial growth in the industry. The market growth potential of Cisco is also high due to the rising demands of data centers and the domains wherein Cisco operates; thus, it's market growth is predictable.

Nevertheless, some of the shortcomings have been witnessed in the history of the company, such as delays in orders resulting from the component shortage. In addition, the company has not invested in the new technologies in the manner it needs to do so. It is also noted that the company has a high attrition rate on employees' training and development in comparison with its competitors. In order to expand geographically, the company also needs high investments. Despite these weaknesses, the potential for growth is higher, and the company has many opportunities to increase its market share by capturing new markets. Since the cloud traffic was expected to grow up to 8.6 ZB in the year 2019 and global cloud security to rise up to $12 billion by 2022 in 2022, being in this industry offers a high-profit potential opportunity to Cisco. Alongside that, by 202, the software market is also expected to show a significant rise, and Cisco’s existence in these areas will surely boost its sales and revenues.

The business environment has become highly competitive, and Cisco is also facing fierce competition from its competitors, not limited to Motorola Solutions, Microsoft, Alcatel-Lucent, HP, and Huawei Technologies, etc. Another threat that is worth mentioning is that the sales in such industries are volatile and are highly impacted by the varying market needs. Company's reputation was also at stake owing to its clash with the Brazilian federal tax authorities, which can be a threat to its repute in future as well.

# Competitive Advantage and Strategies Implemented by the Company

Since the company commenced its operations, it has enjoyed being a market leader in the industry. Though the company was not aware of its potential market since the dot com bubble exploded, but after that, the customer base of Cisco increased since a number of business organizations joined the bandwagon. This scenario led to the rise in demand for Cisco’s networking products. Wi-Fi also allowed companies to keep upgrading their systems eventually increasing Cisco sales. Based on the growing market scenario, Cisco resorted to acquisition as a growth strategy that gave a major competitive advantage to the firm. Along with that, the product portfolio of the company is huge, and this strategy awarded Cisco with the global leader in its products and services. This enables Cisco to provide end to end support to its customers. Another competitive advantage is customer orientation and Cisco’s focus on exceptional customer relationship management. A large base of loyal customers trusts the brand for their business needs. One more advantage to the company is market penetration in some markets.

All the strategies developed and implemented by the company are customer-driven. To capitalize on its market transitions is one of the corporate-level strategies. Another common growth strategy, as mentioned earlier in the acquisition of small, fast-growing firms. Increasing market size through economies of scale and scope is the global strategy of Cisco. Developing and enhancing customer relations is also part of its success strategies. Other strategies can be summed up as outsourcing, vertical alliance, and strategic alliances.

# Measurement Guidelines and their effectiveness

Measurement guidelines assist in exploring the difference made by the newly implemented strategies if they are heading the organization in the right direction and is resulting in positive outcomes. Cisco, always had strategic goals in mind, and every strategy was directed towards the implementation of that goals. The company aimed for the status of the market leader and mergers and acquisition assisted Cisco to earn a leadership position in the industry (Papadakis, 2007). Sales and revenue matrices, customer churn rate, and a number of loyal customers are some of the measurement metrics. All these factors reflected in the strategic growth and success of the company and the true success of a company is analyzed from its profit, revenue, and sales ratios by the stakeholders as well. Cisco enjoying a constant market growth reveals the success of the company's strategies. Increase in profit ratios, increasing number of a satisfied customer and global growth of the company witnessed over the years since its formation proves the effectiveness of its strategies. All these factors indicate the ability of the company to attain its strategic objectives and making the right strategic choices. Till now, it is considered as the market leader, and company is also continually assessing its position in the industry. Though the acquisition and strategic alliances boosted the company's cost initially but later added to its profits and revenues. Employing the strategy of market penetration has also rewarded the company with the high competitive advantage, to sum up, Cisco can be taken as a great example of companies that have successfully remained among the top players of the industry. Its success is truly reflected in the current position of Cisco in the IT industry, its customer base, profit and revenue ratios, and its strategic growth.

# References

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