Business theory: Sprint Corporation

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Sprint corporation is the fourth largest mobile network operator in the United States. The company provides wireless and internet services to its customers in the US and Canada. It has been perceived as one of the most badly reputed companies in the US. In this paper, we will discuss the economic environment of the corporation and analyze them in accordance with Rostow’s model and Galbraith’s star model.

Before analyzing the company’s progress, we should take a look at the economic stats of Sprint corporation for this fiscal year. In the first quarter of the fiscal year of 2019, the corporation reported a total net loss of $111 million with an operational revenue of $455 million, and attuned EBITDA(Earnings before interest, tax, depreciation and amortization) of $3 billion (“Sprint Reports Fiscal Year 2019 First Quarter Results,” n.d.).

Evaluating the economic environment of the company according to Rostow’s stages of growth development model, Sprint corporation started on the take-off stage of development and continued to develop into the age of high mass consumption. Several years ago, Sprint corporation was one of the most well-developed companies with the most advanced smartphone carriers in the industry. It was the first network to offer phones with next generation cameras. But then the downward spiral of the company started (“Solving the Sprint Problem,” n.d.). The company failed to provide good quality services and customer support and thus built a bad reputation for a couple of years. According to recent surveys, the corporation has solved most of its problems but the customers, having a long memory will take a long time to realize it, and the company will continue to suffer (“Top 5 Findings,” n.d.). It already has a debt of $40 billion (St, n.d.).

According to Galbraith’s star model, a number of problems can be identified with the economic environment of Sprint corporation. The Galbraith model recognizes the need of organizations to adapt over time and in reply to changes in strategy, in market atmosphere, or in the external corporate environment (Garner, n.d.). . In the Galbraith model, the first and the most important steps in the proper functioning of an organization is its strategy, which determines its direction of development. The Sprint corporation, from a market-leading position failed to compete with its competitors in the long term due to poor strategy. According to reports, one of the biggest difficulties that Sprint is facing is the lack of low band-spectrum to buy (“Sprint blames network for much of its ‘difficult situation’ that’s only getting worse,” n.d.). As a result, customers are shifting to their competitors. Such conditions show the lack of leadership vision in the executive leadership. This when added with the allegations, on Sprint corp. by the federal communication commission, of accepting subsidies without providing services to the customers, paints a very dismal picture (Lowe, n.d.). The business model of Sprint is failing big time.

The sprint corporation needs to restructure its business model to get itself out of the hole it is in right now, with the company already perceiving to miss its yearly target after the first quarter. One of the solutions that is being proposed for the struggling corporation by experts is re-branding. The reason is that in the open market, reputation plays a big part. Once you gain a bad reputation in the industry, a customer is usually very reluctant to use your services. It seems like the executive leadership of Sprint, is again showing lack of vision.

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