

THE DEVELOPMENT OF A STRATEGIC PLAN FOR RELATIONSHIP MAIL (PTY) LTD

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ABSTRACT

Relationship Mail makes use of the information technology (IT) sector as the foundation for the Relationship Mail product, but the actual output is a physical product in the form of gifts, cards and letters. Relationship Mail solves relationship marketing problems for organisations, by enabling them to keep in touch with customers with a physical and personal product. The service, however, is system generated, making it easy to use for customers.

The main objective of this study was to formulate a strategic plan for Relationship Mail and to present recommendations to successfully implement the plan. In order to address the main objective, a questionnaire with open ended questions was constructed and completed by all the employees and management of Relationship Mail. The questionnaire also supplied a picture of how the employees perceive Relationship Mail's current strategies, and if they are even aware of a strategy within the organisation at the moment. The questionnaire was followed up by brainstorming sessions among management to formulate a strategic plan.

The result of the questionnaire and brainstorming sessions was a SWOT analysis, identifying the driving forces and an analysis of Porter's five forces model. These analyses were used to identify the key areas where Relationship Mail needs to grow, and according to those areas, a vision and mission statement was formulated, and strategic objectives developed. The following strategic objectives were developed:

- To develop the leading relationship marketing software in South Africa and in the world.
- Realizing market penetration opportunities.
- Achieving sales forecasts and targets.
- Optimising product and service intentions.
- To ensure continued growth and profitability of Relationship Mail. This main objective is to break even by March 2008.
- Expand into the international market in two years' time.

To complement the strategic objectives, the following strategies were developed to fulfil the objectives:

- Obtain the SPII Grant and use the funds to create a compelling value proposition for software system companies in the likes of Spotlight and CRM, and to continuously expand our product offering.
- Build strong brand recognition and leverage the brand equities affiliated with Relationship Mail.
- Build the sales force to increase exposure to various industries.
- Provide a high level of personalised service.
- Perform a situation analysis and identify the financial need within the organisation.
- Identify suitable business partners in the identified countries.

The above objectives and strategies were built in to action plans, and in the study, the relevant actions, with the persons available and time frames are supplied.

The strategic plan provides a high-level view of all of the actions required from Relationship Mail within the next year, and the different department heads will have to take the given strategies further and build a plan for each one of the areas identified for growth.

Relationship Mail is a young organisation and is going through a rapid growth phase at the moment. Investment capital is extremely important at this stage to enable growth for the organisation. To ensure continuous growth and the implementation of the completed strategy, the organisation is in need of investment capital. This study will hopefully serve as a foundation for investment capitalists to see the financial potential within Relationship Mail.

DEDICATION:

I dedicate this study to my two grandmothers:

Ouma Raais. Jy was 'n fisiese klein mensie met 'n baie groot hart. So sterk soos 'n stoet- os en so groot soos die grootste komkommerland ooit. *"Ek mis jou, Tsotsi"*.

1918/01/29 - 2007/11/11

Ouma Lydia. Vir ouma se huis en liefde. Dankie dat ek ALTYD welkom was om te kom slaap, te kom eet en te kom rus. Ek KOESTER ons kuiers. Wat 'n voorreg om 'n ouma te he soos jy. 'n Ware vriendin.

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CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

This mini-dissertation focuses on the development of a strategic plan for the web-based business known as Relationship Mail.

Relationship Mail is a unique product that offers businesses a turnkey solution to a common problem within organisations both locally and internationally: 'Managing their relationship budgets and their personalised and consistent communication with their high value customers and prospects.'

Within Relationship Mail's primary market (insurance and finance sector), there has been a serious clampdown by the Financial Services Board on bad practices by financial planners. Although not legislation-bound, financial planners are being groomed to best practice techniques, the key contributor being strong customer relations and consistent communication. Relationship Mail is the only product offering to companies and individual persons as a personalised communication solution for their existing customers and employees, in accordance with the FICA best practice procedures.

With customer acquisition and retention at the heart of every company's sales objectives, the common problem seems to be an inability to successfully implement and manage personalised and consistent communication with high value customers, due to a lack of competency and/or time. The principal problems that Relationship Mail solve are:

- Increased sales through new leads, or mining existing clients.
- Greater sales efficiency by allowing sales staff to do what they do best.
- More efficient budget control for relationship marketing budgets.
- Seamless handling over of client relationships to new staff.
- Cleansing and maintenance of corporate data bases.

This chapter consists of a problem statement, with the focus on the current and relevant issues to be addressed in Relationship Mail. The main and sub-objectives will state why this study is conducted and what the outcomes are and how it is going to be reached. The scope of the study explains what is going to be done. The research methodology will be explained, as well as the method of research. All of the above will assist in analysing the necessary attributes towards the development of a strategic plan for Relationship Mail.

1.2 PROBLEM STATEMENT

Relationship Mail was started by three entrepreneurs who were in the Calendar business for several years before starting Relationship Mail. With this came expertise in a certain field of running a business with printing products as one of the outputs, but a lack of experience in the start up of a business within a relatively new field in the market-place, made it difficult to implement the necessary processes from inception of the business to ensure a smooth transition of operations between departments.

Relationship Mail is a unique business considering its concept and was given a grant from the Government of R1.6 million to fund the start-up of the business and to build the necessary information technology (IT) systems needed to roll-out the Relationship Mail product.

Relationship Mail is a new business, and although it is not unique in the processes and the different products offered, the required systems and the product concept are unique. Unfortunately, because Relationship Mail has such a unique product offering, the operations cannot be predicted or compared with any other business in South Africa at this stage.

The Directors of the company are specialists in their own fields of expertise, i.e. the Sales Director has great experience in sales, the IT Director is one of the best among his peers when it comes to building complex systems such as the system needed for Relationship Mail. However, they all lack the skills of managing their

respective departments and to be proactive in terms of working together as a team in running the business.

Within the different departments, there is a clear realisation of the links between the departments. At the moment, the departments are functional and delivering a service to the customers, but not to its optimal ability and capacity. Processes can be streamlined and the identification of clear action plans for the employees will create more clarity on roles and responsibilities in terms of enhancing the production and increasing sales for Relationship Mail.

The business at this stage experiences high growth and the different departments struggle to handle the pressure of delivering the necessary outputs. At this stage there are no structures in place and a bit of confusion in what is needed to be done to cope with the market demand for the product.

The problem for Relationship Mail is the fact that it is a young, innovative business, with inexperience from management being the biggest constraint in taking the organisation to the next level. There is a need for sound research and the formulation and implementation of a strategic plan for Relationship Mail.

This will enable the employees and Management to obtain a more transparent view of where the organisation is headed, and who is responsible for what to get the organisation there.

1.3 OBJECTIVES OF THE STUDY

1.3.1 Main objective

The main objective of the study is the development of a strategic plan for Relationship Mail. Relationship Mail can use the strategic plan as a roadmap to ensure growth and the development and expansion of the business.

1.3.2 Sub objectives

The sub objectives of this study can be laid out in a few steps in order to give clarity and substance to the main objective of this study, as set out in 1.3.1.

The sub objectives can be identified as follow:

- To define strategy and strategic planning to be able to draft a strategic plan for Relationship Mail.
- To obtain insight into the dynamics of Relationship Mail by means of a literature review. A literature review has to be conducted on the content of a strategic plan. Textbooks and journal articles will be sourced in the process.
- To do specific analysis by using the following techniques, tools and analyses that will be used to get the necessary information available on the internal and external processes and determinants of Relationship Mail:
 - Porter's five forces model, to get a good indication of the external environment and the direct and indirect influences it has on Relationship Mail.
 - A SWOT analysis within Relationship Mail to identify the strengths, weaknesses, opportunities and threats from the perspective of the employees and management, by using a questionnaire..
 - Identifying the external and internal driving forces that could impact the industry and the business. Identification will be in the form of a brainstorming session wit the management of Relationship Mail.

After the literature review, analysis and drafting the strategic plan, recommendations will be made to the management of Relationship mail to ensure the successful implementation, review and update of the plan after this study.

1.4 SCOPE OF THE STUDY

Since Relationship Mail is a web based business, research in general can be conducted on organisations all over the world to get an indication of the strategy formulation for new IT businesses. For the purposes of this study, research was conducted within the company. This is to get a better understanding of Relationship Mail and the structure to be improved within the company. The literature study focused on the formulation and definition of a strategy.

The company falls within the Information Technology Sector, but the product is in the Relationship/Services Sector. This gives Relationship Mail its unique characteristics, because it uses the IT sector to run the business, but the actual product is within the Services sector. A tangible product is the output of the IT system.

1.5 RESEARCH METHODOLOGY

The research of this study will be executed in two phases, i.e. a literature review and the analysis of the external and internal environment of Relationship Mail.

1.5.1 Literature study

The literature study will consist of research using books and articles, with research on the structure of a strategic plan and what a sound strategic plan should look like. Because Relationship Mail is such a young business with no clear strategy or action to ensure a long standing successful operation of the company, the literature study will give the necessary academic foundation on how a strategic plan should be compiled and what it should look like. This study will give the management of Relationship Mail a good indication of how to implement the plan as laid out in this study.

1.5.2 Analysis of Relationship Mail

The analysis will be conducted within the organisation by conducting a questionnaire and brainstorming sessions with the top management of the business. Porter's five driving forces and the internal and external driving forces will be used to analyse the internal and external environments of the organisation. The purpose of this study is to get a better background on how the business has been running and an in-depth look at each business unit.

The first method was interviews with all the employees and directors of Relationship Mail. The interviews were in the form of an open ended questionnaire, leaving the answers of everyone open to their own interpretation. The questionnaires were distributed via e-mail attachments and everybody could complete the questionnaires at their own leisure. The time frame from sending the questionnaires to receiving was 2 weeks, after which it was sent back to the analyst. Once received, the questionnaires were combined and a consolidated view was given to get the desired outcome.

The interviews will give an in-depth look at the business and its different departments and how it is functioning at the moment, as interpreted by the employees and Directors. This will, in return, give a good indication of the perceived shortfalls in the business and its different departments. Within the analysis, a breakdown will be given on the Strengths, Weaknesses, Opportunities and Threats for the organisation, as seen by the Directors and employees.

The other methods used to conduct this analysis were in the form of a brainstorming session among the management of Relationship Mail. Porter's five forces were discussed as well as the internal and external driving forces having an effect on Relationship Mail. In the brainstorming session, everybody had a chance to give their view on the perceived driving forces and the five forces working in on the organisation. Once the separate views were all agreed on, it will be consolidated in the documented analysis of the driving forces and the five forces of Porter.

The reason for using the questionnaires and the brainstorming sessions as part of the research methodology for this study is because these two methods compliment each other in various ways. To get the views of employees, and then combine it and compare it with the views of management, will give an indication of the perceived situation of the organization, in comparison with how it is experienced by employees.

The questionnaire focused on the SWOT analysis, and the brainstorming sessions complimented the study with the discussion of the internal and external driving forces, as well as Porter's five forces, making it relevant to Relationship Mail.

With the outcomes of the analysis of Relationship Mail a strategic plan will be drafted for Relationship Mail to mobilise the business and its functionality.

1.6 LIMITATIONS OF THE STUDY

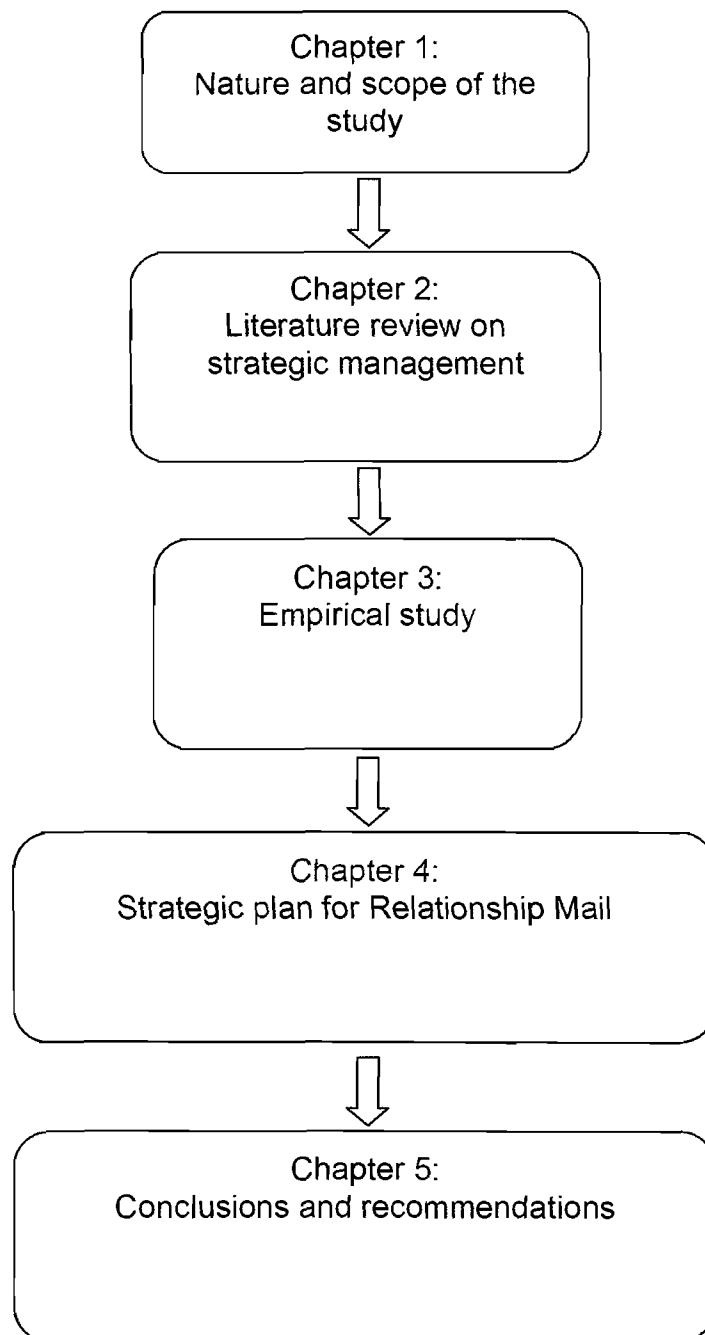
Strategic planning is a popular subject and academic research abounds and is available to do sound research on this topic. Although plenty of academic material is available on strategic planning, the research was conducted within the organisation, which is small, giving a limited view on the operations of Relationship Mail.

Furthermore, the author of this manuscript is also a manager of Relationship Mail and could be biased.

1.7 LAYOUT OF THE STUDY

Figure 1.1 below presents an overview of the layout of the study.

Figure 1.1: Layout of the study



The demarcation of this study is as follows:

- In Chapter one the problem statement, objectives of this study, scope of the study and research methodology were discussed.
- Chapter two presents a literature review on strategic management and planning, with specific reference to strategy formulation and implementation.
- In Chapter three an analysis on Relationship Mail conducted in the form of a questionnaire completed by the employees and management of Relationship Mail will be discussed. Chapter three will also have the results of a brainstorming session held by the management of Relationship Mail on the external and internal driving forces, as well as discussions on Porter's five forces' relevance to Relationship Mail.
- In Chapter four the strategic plan for Relationship Mail will be presented.
- Chapter five will be a conclusion of the study as well as recommendations on how to implement the strategic plan in Relationship Mail.

CHAPTER 2

LITERATURE REVIEW OF STRATEGIC MANAGEMENT

"If we can know where we are and something about how we got there, we might see where we are trending."

*-Abraham
Lincoln*

2.1 INTRODUCTION

Campbell, Stonehouse and Houston (2002: 7) introduce strategic management and strategic thinking as the most important activities undertaken by any business or public sector organisation. How skilful these activities are carried out will determine the eventual long-term success or failure of the organisation.

How does a dynamic organisation identify its future best positioning and then move toward the perfect "sweet spot" of existence on a daily basis? The first prerequisite is effective strategic planning (Hall & Hinkelman, 2007: 25).

The task of formulating and effectively executing an organisation's strategy in today's dynamic world has become increasingly difficult. The speed of change in technology, the increase in global competition, and customer bases have become more sophisticated by the day. These combined have challenged managers to re-think their business models, techniques, and tools in favour of faster, more responsive approaches (Rigsby & Greco, 2003: 2).

Lusthaus (2002: 45) explains that strategic planning includes the formulating and implementing of activities that will lead to long-term organisational success. It is essentially a decision-making process that involves a search for answers to simple but critical and fundamental questions: What is the organisation doing? How is it doing what it does? Where should it be going in the future? What should it be doing now to get there?

2.2 DEFINITIONS OF STRATEGY

The word strategy derives from the Greek word *strategos* and originally it was a military term used to describe the art of the general. It refers to the general's plan for arraying and maneuvering his forces with the goal of defeating an enemy army (Harvard Business School and Luecke, 2006: 3). Carl von Clausewitz, a nineteenth-century theoretician of the art of war, described strategy as "Strategy is the theory of the use of combats for the objects of the war (Von Clausewitz, 1874: 64)."

Perceptions of what the word strategy means differ extensively in the same organisation, not only between board members and production supervisors, but also between board members themselves (Mills, Bourne, Platts, Neely & Richards, 2002: 7). Bateman and Snell (2007: 125) define strategy as an outline of *actions and resource allocations* designed to achieve the organisation's goals. On the other hand Rue and Byars (2007: 143) define strategy as the outline of the *basic steps management plans to take to reach an objective or a collective set of objectives*; it is thus an outline of how management intends to achieve its objectives. In this study the strategy will be the setting of goals and objectives with the focus on developing action plans to reach the objectives and goals.

Jones and George (2008: 307) further that strategy formulation is the development of a set of corporate-, business-, and functional strategies that helps or allows any organisation to accomplish its mission and achieve its goals. These three levels of strategies are most commonly met in practice and it is important to identify the strategy hierarchy in the organisation's situation (Mills *et al.*, 2002: 8). Kinicki and Williams (2008: 177) agree that a strategy is a large-scale operation that is there to set the direction for an organisation. It represents an "educated guess" about what must be done in the long term to ensure the survival of the organisation or all the principal parts.

A strategy is not a once-off formulation for a company; in a fast changing environment it needs to be revised from time to time, as often as needed, whether it is once a year, or every five years. Hence, strategy is to be viewed as the way in

which the firm deploys its resources and capabilities within its business environment in order to achieve its goals (Grant, 2002: 38).

Bateman and Snell (2007: 280) describe strategic positioning as the way an organisation is designed and positioned to serve target markets, and according to Kinicki and Williams (2008: 179), Porter stated that strategic positioning attempts to achieve sustainable competitive advantage by preserving what is distinctive about a company. To combine the two definitions a person can say that an organisation needs to perform different activities from rivals, or then provide similar activities in a different way. This will keep the organisation unique and attractive to customers, combined with quality products.

Kinicki and Williams (2008: 179) define Porter's three key principles to underlie strategic positioning as:

- Strategy is the creation of a unique and valuable position.
- Strategy requires trade-offs in competing.
- Strategy involves creating a "fit" among activities.

"Plans are not chiseled in stone" – John W. Wyma

2.3 THE IMPORTANCE OF STRATEGIC MANAGEMENT AND STRATEGIC PLANNING

There are a number of answers to why strategies and strategic planning are important, but they are not equally essential. The ultimate goal of an organisation has to be financial: to earn returns at least equal to the cost of capital (Mathur & Kenyon, 2001: 155). Kinicki and Williams (2008: 177) emphasize the importance of 'why' an organisation should adopt strategic management and strategic planning as described within the following three statements. It is 1) for provision of direction and momentum, 2) for encouragement of new ideas, and 3) to develop a sustainable competitive advantage. Thompson, Strickland and Gamble (2007: 4) explain that a strategy of an organisation consists of the competitive moves and business approaches that managers are employing to grow the business, to draw customers and please them, to be strong competition and be successful, conduct operations, and achieve the targeted levels of organised performance and on the other hand a strategic plan lays out the company's future direction, performance targets, and strategy. (Thompson *et al.* 2007: 41).

2.3.1 Provision of direction and momentum

Fogg (1999: 4) emphasizes that the organisation's direction should be established by a thoughtful, fact based strategic planning process. The strategic plan is the road map for impelling continuous change in the organisation and ensuring the future. The plan is not a one-shot effort to "change direction and get going." It is an entire system that is geared toward continuously detecting changes in the outside world, deciding how to deal with them, and translating these needed changes into plans that produce desired results (Fogg, 1999: 4).

Kinicki and Williams (2008: 178) concurs that it is easy to lose direction within a company as a leader, when you get so occupied with day-to-day business activities that strategic planning can help people focus on the most critical problems, opportunities and choices. If there is no strategy, managers might just as well focus on whatever they have to do for the day and what is in front of them to at least get

the daily tasks out of the way and let operations run within the business (Kinicki & Williams, 2008: 178). However, Pooler, Pooler and Farney (2004: 44) expresses that strategy gives direction. While tactics form the basis for handling the various battles of the day, “strategic planning” is HOW to win the war! This can cause management not to take other potential rivals seriously, and before they have a sound strategy in place, the rivals catch up and overtake their business, like “IBM did not take Microsoft seriously (Kinicki & Williams, 2008: 178)”.

Johnson (2007: 5) continues by saying that as long as we are able to discern a path, we are not only able to identify a strategy, whether implicit or explicit, but are also able to make sense of the progress of the company within a sea of otherwise overwhelming and seemingly disconnected data and events.

2.3.2 Encouragement of new ideas

Johnston and Bate (2003: 6) state that it is interesting to note how many organisations recently have adopted “innovation” as a core value or as part of their mission statements. As the society is moving from the information age to the knowledge age, this relatively new emphasis on innovation is quite logical. Companies that are eager to create new value for customers are practicing strategy innovation. However, without continuous product innovation, organisations sputter and die (Robert, 1995: 2).

Some people think that planning does not constitute rigidity, which can reduce creative thinking and action. To tell the truth, strategic planning can help encourage creative thinking by stressing the importance of innovation in achieving long-range success. But, on the other hand Clarke (2001: 38) explains that planning from an objective perspective, is by its nature relatively short term, since it is not possible to see in to the future. The purpose of such planning becomes that of formalizing the process, which requires stability in order for it to work and therefore mitigating against change, which requires a flexible environment. This whole process can stifle creativity.

2.4 FORMULATION OF A STRATEGY

A strategic plan, according to Valenzuela (2007: 60) is a step-by-step funnel that is there to help and direct organisations to reach their goals over a specific period of time, anything from one to five years.

Jones and George (2008: 307) add that formulating a strategy is where managers work together to develop a set of strategies that will allow an organisation to accomplish its mission and achieve its goals. Strategy formulation begins with the systematic analysing by managers of the factors or forces inside an organisation which affects the organisation's ability to meet its goals now and in the future. Pearce and Robinson (2007: 10) further describe strategic formulation as the activities that enhance the firm's ability to prevent problems. Managers who encourage their subordinates' attention to planning are aided in their monitoring and forecasting responsibilities by subordinates who are aware of the needs of strategic planning.

Strategy formulation consists of the following phases, as described by Thompson *et al.* (2007: 20–43):

- | | |
|---------|---|
| Phase1 | Developing a strategic vision |
| Phase 2 | Setting objectives |
| Phase 3 | Crafting the strategy |
| Phase 4 | Implementing and executing the strategy |
| Phase 5 | Evaluating performance |

2.4.1 Phase 1 - Developing a strategic vision and mission

According to Thompson *et al.* (2007: 20), a strategic vision covers different grounds than the typical mission statement. A well conceived strategic vision is what it says about the company's future strategic course – “The direction we are headed and what our future product/market/customer/technology focus will be.” Jones and George (2008: 307) state that within strategic leadership, the role of top managers is

to convey a compelling vision of what they want to achieve to their subordinates. If subordinates buy in to the vision, and model their behaviour on their leader, they develop a willingness to undertake the hard, stressful work that is necessary for creative, risk-taking strategy making (Jones & George, 2008: 307).

Rue and Byars (2007: 147) state that the mission defines the basic purpose or purposes of the organisation. The mission basically outlines WHY the organisation exists. Defining a mission is crucial for an organisation, as it is imperative that an organisation's purpose should be defined not only at inception but also during difficult times. A mission statement usually includes the organisation's basic products or services and a definition of its markets or sources of revenue. The mission statement can be either elaborate or extremely simple in its own existence (Valenzuela, 2007: 61).

2.4.2 Phase 2 - Setting goals and objectives

Bateman and Snell (2007: 122) state that the strategic goals are major targets or end results that relate to the long-term survival, value and growth of the organisation. Management would usually set goals that would reflect both effectiveness and efficiency of the organisation. Typical strategic goals would include various measures of growth, market share, profitability, a return on investment, quantity and quality of outputs, productivity, customer service and contribution to society.

On the other hand Jones and George (2008: 307) explain that to set certain objectives for the strategy the outcome would be a clearly defined sense of direction, and where the company is going over the next identified period. Although objectives should be challenging, they should also be realistic. Challenging objectives give managers at all levels, an incentive to look for ways to improve organisational performance. But an objective that is clearly unrealistic and impossible to attain may prompt managers to give up. Also, the time period to achieve the goal by must be given; this will project a sense of urgency into goal accomplishment and act as a motivator (Jones & George, 2008: 307).

But, Lusthaus (2002: 45) says that to enable an organisation to even achieve its objectives, strategic planning should refer to the pattern of calculated responses of the environment, including resource deployment.

2.4.3 Phase 3 - Crafting the strategy

2.4.3.1 SWOT analysis

According to Rue and Byars (2007: 151), after setting the objectives/goals, the next step will be to do a SWOT analysis on the organisation. SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats within a business. Kinicki and Williams (2008:187) give the explanation that a SWOT analysis should provide the organisation with a realistic understanding of the organisation in relation to its internal and external environments, so the strategy can be better enlightened in pursuit of its mission.

In Thompson *et al.* (2007: 107) it is explained that a SWOT analysis is much more than just an organisation making four lists. The two most important actions after drawing down a SWOT analysis are drawing conclusions on the outcomes of the SWOT and translating these conclusions into strategic action plans.

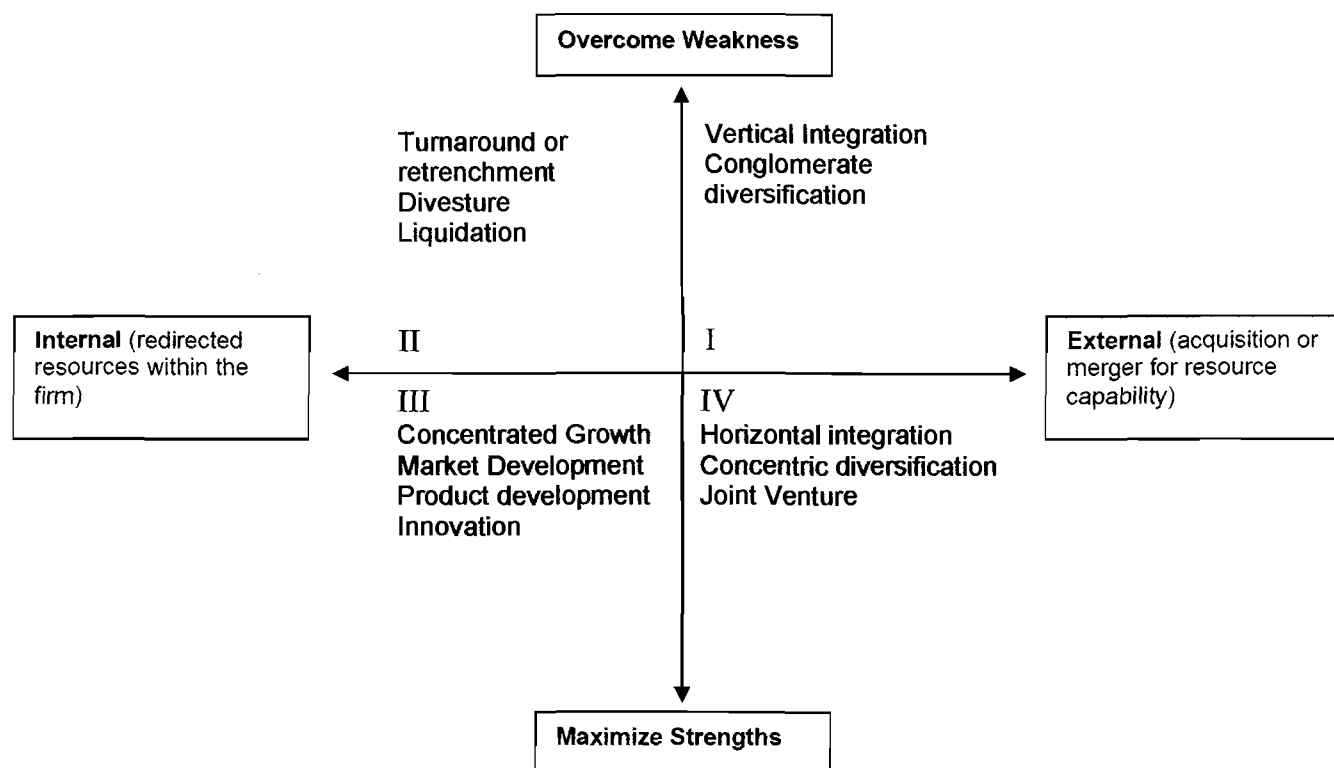
Usually the strengths and weaknesses will be identified first within the organisation. Strengths can be defined as the skills and capabilities that give the organisation special competencies and competitive advantages in executing strategies in pursuit of its mission. Weaknesses can be defined as the drawbacks that hinder an organisation in executing strategies in pursuit of its mission (Kinicki & Williams, 2008: 187).

Pearce and Robinson (2007: 252) use the Strengths and Weaknesses in a grand strategy selection matrix. The basic idea underlying the matrix is that two variables are of central concern in the selection process 1) the principal purpose of the grand strategy and 2) the choice of internal or external emphasis for growth or profitability. In the past, it was believed that it was best to follow certain rules or prescriptions in the choice of strategies. It has changed to where today it is believed that the strategy

selection is better guided by the conditions of the planning period and by the organisation's strengths and weaknesses.

In Figure 2.1 the grand strategy selection matrix, as adopted from Pearce and Robinson (2007: 252), illustrates the different strategies and how they can be selected from the matrix.

Figure 2.1: Grand strategy selection matrix



Source: Pearce and Robinson (2007: 252)

Pearce and Robinson (2007: 252) describe Quadrant 1 organisations viewing themselves as having “all their eggs in one basket”, often viewing itself as over-committed to a particular business with limited growth opportunities or high risks.

Unfortunately the least disruptive outcome for organisations in Quadrant 2 is retrenchment. This is a more conservative approach to overcome weaknesses. This approach maintains the organisation's commitments to its basic mission, rewards and success, and enables future development of proven competitive advantages (Pearce & Robinson 2007: 253).

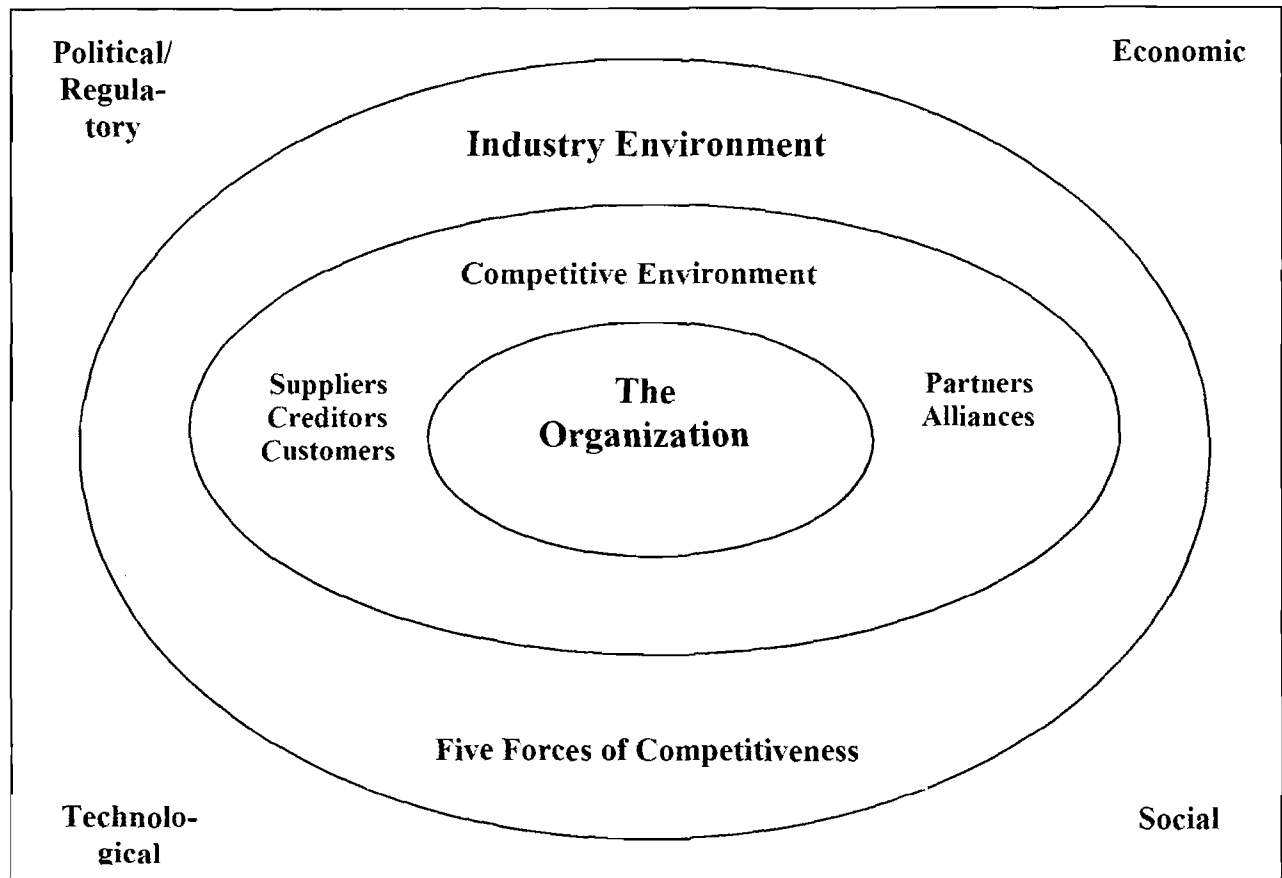
A common business axiom states that an organisation should grow from its strength. The bottom line of this saying is that growth and survival depend on an ability to capture a market share that is large enough for essential economies of scale. If it is believed by the organisation that this approach will be profitable and prefers an internal emphasis for maximizing strengths, four grand strategies hold considerable promise. As shown in Quadrant 3 the most common approach is concentrated growth (Pearce & Robinson, 2007: 253).

By maximizing an organisation's strength by aggressively expanding its base of operations usually requires an external emphasis. The preferred options in such cases are shown in Quadrant 4 (Pearce & Robinson, 2007: 253).

Johnson (2007: 30) asks how businesses can follow a strategy without an accurate understanding of its surrounding environment. How can a business appropriately sustain economic trends against competitors and their environment without a clear understanding of their positions and trajectories?

It is well known that successful strategies and organisational performance is often dictated or at least influenced by the attractiveness of the environment in which the organisation competes. This attractiveness is linked to a number of interrelated factors that shape the size and opportunity within a target market (Rigsby & Greco, 2003: 27). Figure 2.2 as adopted from Rigsby and Greco (2003: 28) illustrate the interrelated factors that shape size and opportunity within a target market.

Figure 2.2: Interrelated factors that shape size and opportunity within a target market



Source: Rigsby and Greco (2003: 28)

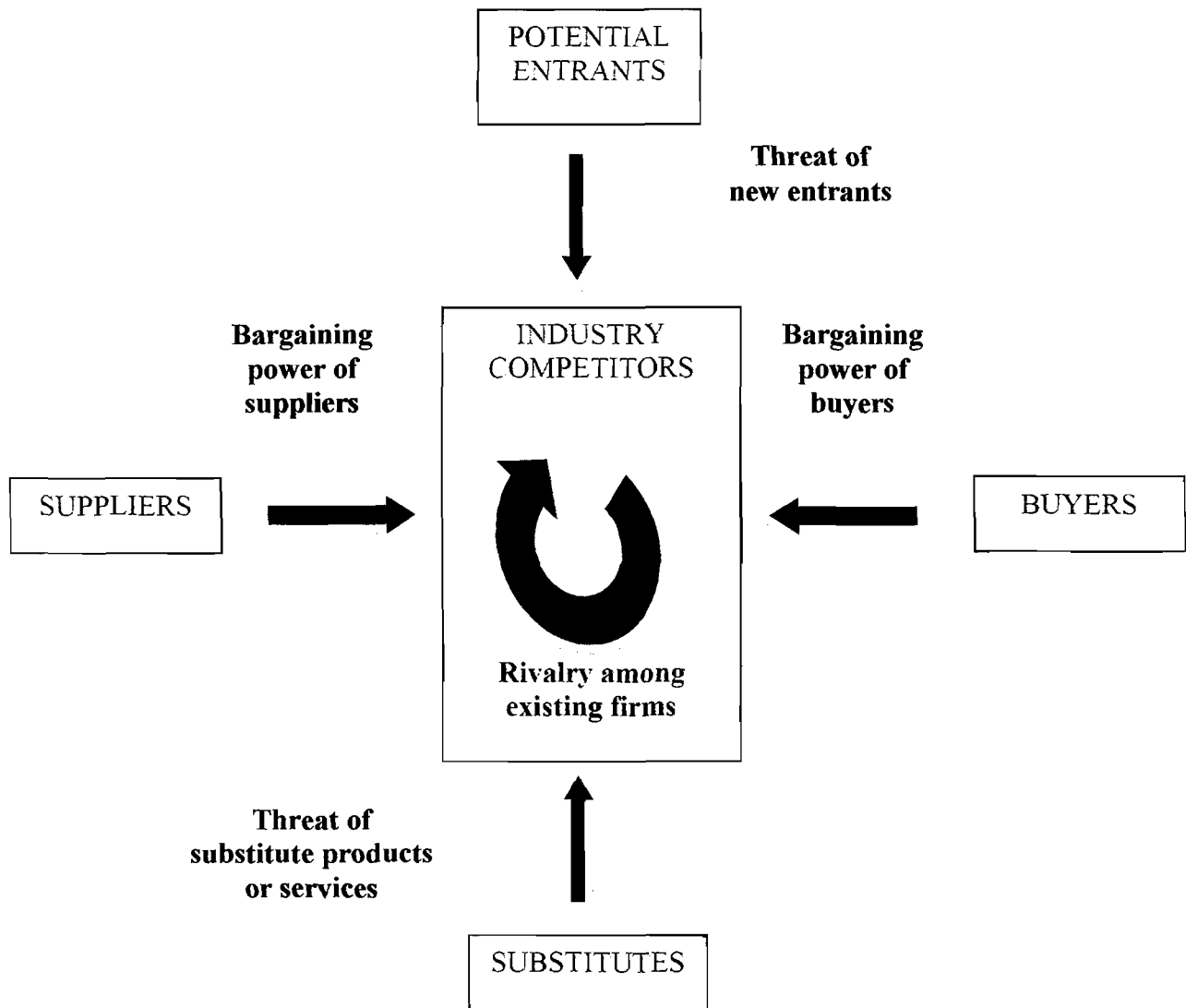
It is the combination of the factors in Figure 2.2 that presents opportunities and threats to the organisations as it competes in a new global marketplace. Understanding these factors, such as relative benchmarks for performance, is essential to crafting and implementing a viable strategy. Without any frame of reference, strategy would have no durability and no influence (Rigsby & Greco, 2003: 28). Grant (2002: 66) is of the opinion that these factors may be critical determinants of the threats and opportunities a company will face in the future. Thus, strategic planning must definitely include a scan of opportunities, threats and constraints presented by the environment. This means that the organisation must repeatedly ask itself what potential or pending actions are likely to influence (positively or negatively) the organisation and what it plans to do? How can the organisation forestall or mitigate the negative influences, as well as take advantage

of the potential opportunities? Strategic planning must effectively pursue the possible opportunities and capitalize on it in the external environment that might yield support to the organisation (Lusthaus, 2002: 46).

2.4.3.2 Porter's five forces

A well-known view of competition within strategy is the Porter five forces model, which has its origins in the structure-conduct-performance framework of industrial organisation economics. The Porter model posits that competitive advantage is primarily driven by industry structure and exhibits how a firm is positioned within and influenced by that structure. From that perspective, the environment largely determines competitive advantage and performance (Grimm, Lee & Smith, 2005: 31). The five competitive forces – barriers to entry, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among current competitors – reflect the fact that competition in an industry goes well beyond the established players. Customers, suppliers, substitutes, and potential entrants are all “competitors” to organisations in the industry and may be more or less prominent, depending on the specific circumstances. In this, much broader sense, competition might be termed extended rivalry (Porter, 1980: 6). Figure 2.3 illustrates the forces driving industry competition.

Figure 2.3: The five forces driving industry competition



Source: Porter (1980: 4)

Porter's framework remains a useful tool for getting an analytical grasp on the state of competition in an industry and the underlying economics within an industry. It also encourages strategists to take a look outside the small circle of current competing rivals to other actors and influences that determine potential profitability and growth (Harvard Business School, 2005: 13).

Not all of the five forces' factors will always be important in any one industry. The framework should rather be used to identify rapidly what are the crucial structural features determining the nature of competition in a particular industry. This is where

the bulk of the strategic and analytical attention should be focused (Porter, 1980: 33).

2.4.3.3 *Development of key strategies*

In order for a business strategy to function as a long-term framework for the development of an organisation it has to answer the following questions:

- What customer groups will be served and what types of products and services should be offered to them?
- Which generic business strategy will be followed to do this?
- What competitive advantages will have to be built up on the level of the market offer?
- What resources will be required to maintain or upgrade these competitive advantages? (Grunig & Kuhn, 2005: 219).

There are cornucopias of strategy frameworks available in a variety of textbooks. Low-Cost leadership, Diversification, Merger-acquisition, Global, Customer Focus, Product leadership, vertical Integration, Flexibility, product/service differentiation, and more are just a few different types of strategy that can be used by the organisation (Harvard Business School, 2005: 30).

What are these strategies? Now that a better understanding has been acquired by the analysis of the external environment and the organisation's internal strengths and weaknesses, how can the best and most appropriate strategy be determined for the organisation (Harvard Business School, 2005: 30)?

According to Kinicki and Williams (2008: 178), Gary Hamel, head of Strategos, an international consulting firm specializing in strategy, said companies like Nike have been successful because they have been able to unleash the spirit of “strategy innovation.” Strategy innovation, he said, is “the ability to reinvent the basis of competition within existing industries and to invent entirely new industries.”

2.3.3 Development of a sustainable competitive advantage

Campbell *et al.* (2002: 154) explain that one of the main goals of strategic management is to produce sustainable competitive advantage for a business. Competitive advantage can arise both from planned strategies and from opportunistic moves by the business – sometimes called emergent strategies. Competitive advantage is not easy to achieve and is even more difficult to sustain. Superior performance is built and sustained through the continued organisational learning process and it results in a constant process of new strategies being developed and improved in the way in which business activities are carried out (Campbell *et al.*, 2002: 154). Faulkner and Campbell (2006: 11) conclude the above with the statement that the overriding strategic issue at the level of an individual business unit or organisation is how the organisation can gain sustainable competitive advantage over other organisations producing similar products or services.

Strategy is a fascinating field of enquiry, both for managers looking for a sustainable competitive advantage and for academic researchers looking for the reasons behind superior organisational performance (De Man & Van den Bosch, 1997: 1).

This is the ability to produce goods or services more effectively than its competitors do, and thus outperforming them. For an organisation to be sustainable in its competitive advantage it needs to stay ahead with the following four areas: 1) be responsive to customers 2) be continually innovative 3) always have the best quality service or product, and 4) to be effective (Kinicki & Williams, 2008: 179).

With all of the above in mind, it is not a question of asking, “Why should I create a strategic plan?” but rather ask, “Why shouldn’t I?” (Valenzuela, 2007: 60).

2.4.3.4 *Development of action plans*

An action plan is a way to ensure that the objectives within a strategy are met. It describes the way you will use the strategy to meet the organisation's objectives. Each action step or change to be sought should include the following information:

- What actions or strategies will occur?
- Who will carry out these changes?
- By when will they take place and for how long?
- What resources (i.e. money, staff) are needed to carry out these changes?
- Communication (Who should know what?) (Marquardt & Loan, 2006: 119)

An action plan is brief – just one or two pages – but it contains the key information needed to assess the plan, to have the ability to allocate resources and to ultimately review progress against each plan as it is being executed (Fogg, 1999: 94). It is a document that begins with the strategic goals and identifies all the steps required to achieve them. Once the specific, measurable, achievable, realistic, and time-bound objectives have been assigned at unit level, the question is: How will the objectives be achieved? The answer to this is through action steps. Action steps are the “who,” “what,” and “when” of carrying out a strategic initiative and achieving assigned objectives. The sum of these steps should complete the job (Harvard Business School, 2005: 78).

Harvard Business School (2005: 78) furthers that an action plan is where strategic planning and implementation overlap. Ferren and Stanton (2004: 46) boldly state that without an action plan, a strategic plan has no life and no staying power. Action plans state who will make the actions happen to complete the strategic plan, and what resources will be needed, when the actions will be taken, and how success of the actions will be measured. An action plan is not complete if it fails to recognise the resources a unit needs to implement its share of the strategy.

Action plan resources typically include many, all or some of the following:

- People
- Technologies
- Support from other departments
- Time
- Money (as per budget)
- Office space
- Strategic partners
- Training

Managers often make the mistake of underestimating their resource needs (Harvard Business School, 2005: 89). With the resources identified, now the action plan needs to be compiled, which typically includes deciding who is going to do what and by when and in what order for the organisation to reach its strategic goals. The design and implementation of the action plans depends greatly on the nature and the needs of the organisation (McNamara, 2007).

To actually develop the objectives and timelines of an action plan the following format can be used for the development of the action plans for the organisation (McNamara, 2007).

Strategic Objective	Strategy	Actions	Responsibility	Timeline
(Objective)	(First strategy to reach objective)	(First action to reach while implementing strategy)	(Who's going to accomplish that objective)	(When the implementer is going to accomplish that objective)

McNamara (2007) gives the following guidelines which can be used to explain what actions and timelines are and what they should consist of:

- Actions are specific, measurable results produced while implementing strategies.
- While identifying actions, keep asking “Are you sure this can be done?”
- Integrate the current year’s actions as performance criteria in each “implementer’s” job description and performance review.
- Remember that actions and their timelines are only guidelines, not rules cast in stone. They can be deviated from, but deviations should be understood and explained.

2.4.3.5 *The strategic plan and finance resources*

Each year the financial outturn will increase or decrease the financial resources available to a company, directly influencing the degree of strategic freedom the organisation has in the year to come. In practice, financial considerations are rooted at the core of strategy proposals, together with questions of funding, tax and shareholder consequences (Faulkner & Campbell, 2006: 174). Different businesses though have different cash flow and investment characteristics. To keep pace with the rising buyer demand, fast growing businesses frequently need sizable annual capital investments – for new facilities and equipment and for new product development or technology improvements. A business in a fast-growing industry becomes an even bigger cash hog when it has a relatively low market share and is pursuing a strategy to become an industry leader (Thompson *et al.*, 2007: 294).

Kaplan and Norton (2004: 29) conclude that the financial perspective describes the tangible outcomes of the strategy in conventional financial terms. Measures such as shareholder value, profitability and revenue growth are the delayed indicators to show whether the strategy is successful or not.

2.4.4 Phase 4 - Implementing and executing the strategy

One of the most destructive misconceptions in the history of strategic management is the idea that the formulation of strategy can be separated from its implementation (Grant, 2002: 188). With this in mind Faulkner and Campbell (2003: 28) concur that a common view today is that the formulation of strategy is easy, but the real issues and problems are those of implementation, and that the conventionally prescriptive approach to strategy ignores the degree to which strategy in real businesses is developing rather than directed.

In Thompson *et al.* (2007: 42) the implementation and execution of a strategy is an operations-oriented, make-things-happen activity aimed at performing core business activities in a strategy-supportive manner. It is easily defined as the most time consuming, labour intensive part of the strategy management process. To convert a strategic plan into actions and results tests a manager's ability to direct and manage organisational change, motivating people, building and strengthening company competencies and competitive capabilities, to create and nurture a strategy-supportive working climate for all, employees and management, including Top management, and to meet or beat performance targets (if it is realistic) (Thompson *et al.*, 2007: 42).

Rue and Byars (2007: 153) state that after the organisation's strategy has been carefully formulated, it must be translated into organisational actions. Given the strategy has been clearly identified. The question will be then what actions must be taken to implement them? Necessary actions include determining and implementing the most appropriate organisational structure, developing short-range objectives and establishing functional strategies. Jones and George (2008: 330) suggest that managers must allocate responsibilities to appropriate individuals or groups, like detailed action plans, to specify exactly HOW the strategy is to be implemented, and to prevent confusion. These groups must be held accountable for the attainment of their goals. Yogi Berra said "If you don't know where you are going, you are certain to end up somewhere else." Yet taking a little extra time to make a strategic plan for the organisation will provide direction for years to come (Valenzuela, 2007: 63).

2.4.5 Phase 5 - Evaluating performance

Thompson *et al.* (2007: 43) state that an organisation's vision, objectives, strategy and approach to strategy execution are never final. Management of the organisation must know that managing strategy is an ongoing process, not an every-now-and-then task. An organisation's direction, objectives and strategy have to be revised and relooked at any time, as external or internal conditions demand it. It is to be expected and a common known fact that a company will modify its strategic vision, direction, objectives, and strategy over time. It is also normal, for an organisation to see, a short time after initiation of the strategy that not everything works as well as intended. To simply fine-tune the strategic plan and continuing efforts to improve the strategic plan on an on-going basis is sufficient. The whole process of activating the strategic plan requires more discipline than many are willing to endure, which is why too many plans end up between dusty covers (Miletsky, 2001: 12). The key is to employ the right people in the right place to follow through with the organisation's plan (Valenzuela 2007: 63).

If the right people are not in the right place then a review of the strategic planning efforts that have accomplished less than was hoped for will reveal that the failure to assign accountability allows the change effort to get lost in the day-to-day operations of the organisation (Ferren & Stanton, 2004: 46).

2.5 STRATEGIC PITFALLS

Perhaps the biggest strategic mistake an organisation can make as an industry matures is steering a middle course between low cost, differentiation, and the amalgamation of efforts to achieve low cost with efforts to incorporate differentiating features and efforts to focus on a limited target market. This leaves the organisation stuck in the middle with no clear strategy or where to move or work on in operations to buy more market share (Thompson *et al.*, 2007: 238, 239). On the other hand, organisations can develop a perceived idea of being the market leader and overestimating their capabilities or images of the organisation itself. These self-perceived ideas might be even more inaccurate as transition proceeds and buyers'

behaviour change; competitors have more sensitivity to industry changes. Similarly, organisations have assumptions about the industry, competitors, buyers and suppliers which may be invalidated by transition. Yet, it can be a difficult process to change these perceptions (Porter, 1980: 247).

Clark and Krentz (2006: 63) warn against other strategic pitfalls like moving to the planning stage without a thorough assessment on the environment, may it be internal or external. To develop a plan without senior management's involvement is also a huge pitfall. Without senior management there will be no clear input of expertise on the overall operations of the organisation. Allowing too little or too much time for planning can completely make or break a plan. This can result in either too much data or too little data, and with either one of the two a plan will fail.

Developing and implementing a plan purely to confirm and enforce the status quo is a huge danger, as departments might start a new process to improve productivity and increase profit margins, without a strategic plan, and then managers will develop the plan, purely to confirm what was done. This situation should ideally be reversed where management continually work on improving productivity and at the end profits, by developing strategies for implementation (Clark & Krentz, 2006: 63).

Enforcing a plan with no clear goal in mind to explain to employees why the plan is enforced, no one will understand why it is important to follow the plan, and have a common goal to work towards (Clark & Krentz, 2006: 63).

Strategic planning is not simply about describing an end result. It is about building a coalition of supporters for whatever direction is outlined (Clark & Krentz, 2006: 64).

2.6 CONCLUSION

There are a few areas to be focussed on if a company would like to compile an effective strategy in order to be successful and to be a valid competitor within its field of expertise. The formulation and implementation of a strategy is not a once-off process and when the organisation finished with compiling the strategy, the process of implementation is just as important.

Strategic management and strategic planning is important as it provides direction and momentum. It encourages new ideas and helps the organisation to develop a sustainable competitive advantage.

To conclude, the following phases were discussed in the strategy formulation process as described by Thompson *et al.* (2007: 20 – 43):

- | | |
|---------|---|
| Phase1 | Developing a strategic Vision |
| Phase 2 | Setting Objectives |
| Phase 3 | Crafting the Strategy |
| Phase 4 | Implementing and Executing the Strategy |
| Phase 5 | Evaluating Performance |

It is important to be on the lookout for the strategic pitfalls, because if it is ignored, it might cause the strategy to fail, upon implementation within the organisation.

CHAPTER 3

ANALYSIS OF RELATIONSHIP MAIL

3.1 INTRODUCTION

Relationship Mail is a relative new company and in operation just over one year. The company and idea itself is now three years old, but because the IT system is so complex, it took the first two years to build the system before it was actually possible to start to acquire customers to use the system.

The three Directors who started Relationship Mail had, as entrepreneurs, an idea and a concept of how they wanted to build the product into a cash-generating active system. The big weakness was lack of support in the form of staff, and expertise in the field of how to run a business from a legal and strategic point of view.

Up to now, everything in the organisation was done on the basis of *"We learn as we go along"* but the company is growing at a fast rate and a definite strategy is needed to give the organisation a plan and the indication of necessary resources needed.

Relationship Mail had the support from AMB Capital and Temlett and Bradley as business partners and shareholders in the form of investment capital. However, the last payment from the investment was 25 October 2007, and from the end of November 2007 the company must be a self-sustainable break even organisation.

There was a project launched recently, but because everybody is still learning, and changing systems as time goes by, no clear cut plan has been identified, or was followed for that matter. Everything changes all the time. As the business is maturing, roles and responsibilities and workflow are easier to identify within the different departments. It is now much easier to identify a strategy for the company to smooth operations and reach targets for break even.

The analysis consists of two different research methods. The first is a structured interview in the form of a questionnaire that was distributed for completion to employees and top management of Relationship Mail. The second method was

conducted in the form of a brain storming session with the Directors of Relationship Mail.

3.2 QUESTIONNAIRE DESIGN

The questionnaire was designed with the purpose of retrieving data from the different business units within the organisation. The key aspects within the organisation had to be determined, from a management and employee point of view.

The questionnaire was divided into two sections. In questions one to five only the Directors within the organisation were addressed. These questions focused more on the overall management within the organisation, and an important SWOT analysis was requested. It gave an overall view on the organisation, and where management thinks the organisation is at, at the moment.

In the second section, questions six to thirteen, the employees as well as the directors were addressed. These questions focused more on internal operations of the organisation and the perceived roles and responsibilities of the individuals by the individuals. Within this section a SWOT is also requested, but this focuses more on each one of the departments and only the strengths and weaknesses are addressed as perceived by the employees and directors.

Overall within the questionnaire, a few key areas are addressed for the identification of the perceptions within the business. The following key areas are built within the questionnaire:

3.2.1 Management's and employees perspective on their own roles and responsibilities

This area identifies the perceived responsibilities by management, and what their roles and responsibilities are. It also identifies if management is in agreement with their respective job descriptions in terms of what they do and what they are supposed to do.

3.2.2 Assessment of perception on the organisation's strategy

This area identifies if anybody is aware of a strategy for operations between departments within the company. This is related to a project that was launched a few months ago.

3.2.3 Identification of perceived existing action plans

This is to determine if there are any action plans for employees and management in place, and to see if there is clarity on what is needed to be done, within the relevant departments to have the operations of the organisation run smoothly.

3.2.4 SWOT analysis

This analysis identifies the perceived Strengths, Weaknesses, Opportunities and Threats within the company by the Directors. In section two the strengths and weaknesses were also assessed as perceived by the employees, within their own departments.

3.2.5 Recommendations

Retrieving suggestions from employees and top management on ideas for a recommended strategy are recommended. This includes what they think is needed to help them improve their own productivity.

3.3 ANALYSIS AND DISTRIBUTION OF QUESTIONNAIRE

The questionnaire was distributed via e-mail to all the directors and employees of the company. The first part of the questionnaire was only to be completed by the directors and the second part of the questionnaire was to be completed by the directors as well as the employees.

There was no time constraint on answering the questionnaire and the only limitation on the questionnaire was that everybody had to complete and send their respective response back within two weeks after distribution.

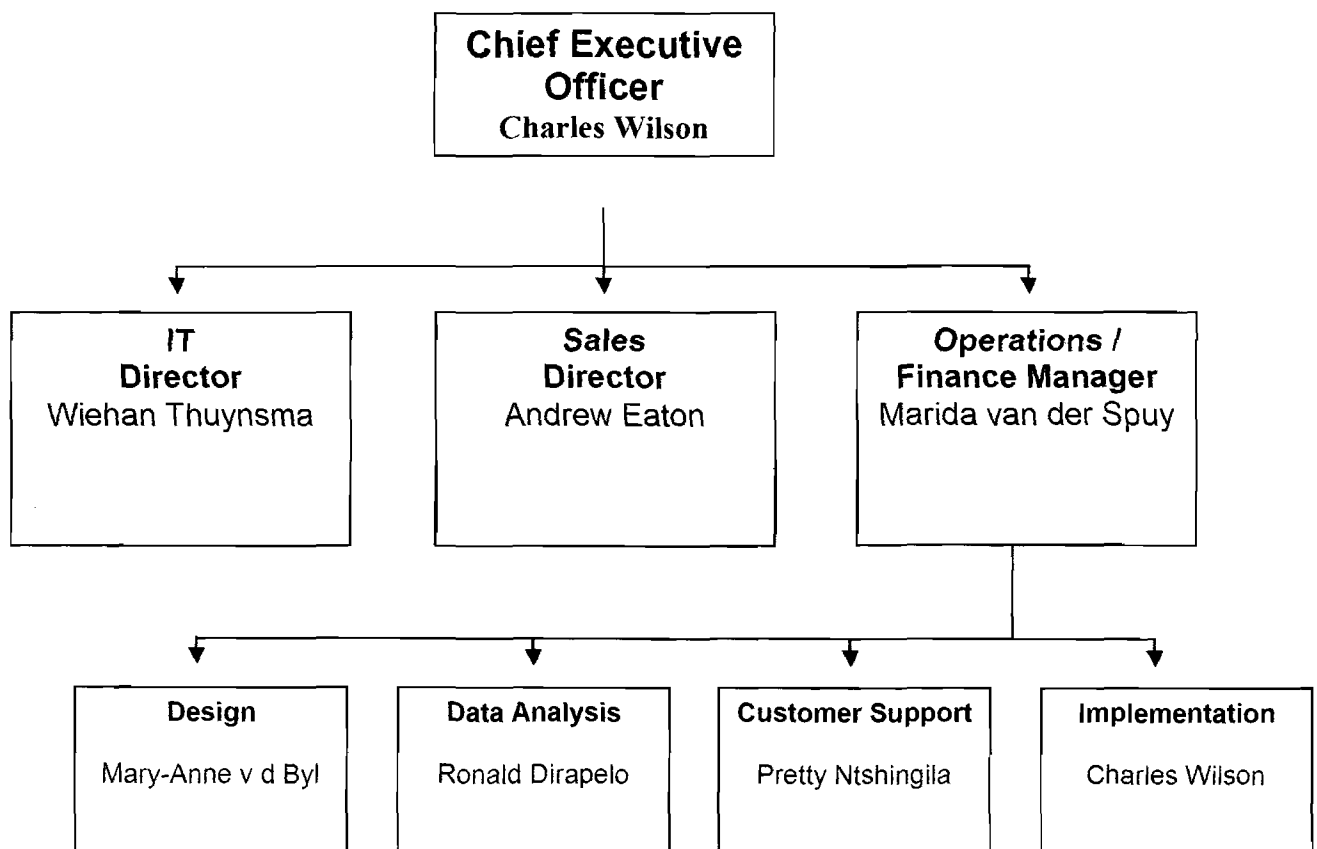
The questionnaire was compiled of open ended questions, and, although it was distributed as a questionnaire, it could have been assessed in an interview too. With this, the analysis gives an indication of the organisation's current operational situation rather than an analytical data representation of a situational analysis with statistical results. The questionnaire consisted of two different parts. The first part was to be completed only by the Directors of the organisation. These questions were more focused on the structure and management styles of the organisation. The second part of the questionnaire that was completed by both directors and employees were more focussed on job descriptions and to get a better understanding of the perceptions of the employees on their positions within the organisation. This will give an indication of how specific the strategy to be compiled should be in its layout of action plans.

The answers in the questionnaire were analyzed and compared to each other to identify the current perception within the company about the existence of a strategic plan for Relationship Mail. The author's objective was to investigate Relationship Mail's current operations to evaluate the needs, shortfalls and the strengths identified to compile a strategic plan.

3.4 RESPONSE ON ORGANISATION ANALYSIS

Seven questionnaires were distributed and six were received back. Relationship Mail has a total of seven permanent employees, including the directors of the organisation. The organogram in Figure 3.1 reflects the current orientation of Relationship Mail.

Figure 3.1: Organogram for Relationship Mail



Each one of the employees involved in this study represented a different department and all three the directors each represents their own department within the organisation.

The only employee that did not complete the questionnaire is from the data department and the results needed for the analysis of his department will be identified and absorbed by the Operation head's answers.

3.5 RESULTS OF THE DATA GATHERED

The results of the answers of the collected questionnaires are represented within the questionnaire below. This is a consolidation of the gathered questionnaires with the respective answers:

SECTION 1 - Questions to Directors only:

Question 1: How would you describe R-mail™'s management team and style?

The management style is described as permissive, but with a clear indication of lack in expertise and knowledge in certain key areas.

Question 2: Define the roles of each of your co-workers and business partners.

There was clear consensus on the roles of each of the co-workers and business partners, with the roles defined as:

Charles – Chief Executive Officer/general management of company

Andrew – Focus on sales

Wiehan – IT support and development

Marida – Operations/Finance

Mary-Anne – Graphic design

Ronald – Data analyst

Pretty – Office admin, customer support and personal assistant to Marida.

Question 3: How would you describe the Company Structure in terms of:

a. Strategy

No clear strategy is laid down in the company, and the strategies that do exist never are followed through. Strategic planning in the short term has been less aggressive as the focus is on operational planning.

b. Management

The management team is described as well balanced with a variety of skills to ensure each business unit is managed effectively. With regard to management it is a relative inexperienced management team, with ample room for growth.

c. Activated action plans

Action plans are unrealistic and no proper consultation is conducted with the relevant persons responsible to be able to set more realistic targets.

Question 4: What would you say is THE MOST IMPORTANT aspect within the company to be addressed and improved?

IT development needs to be addressed to build a solid system and expand for support of growing number of customers. A strategy needs to be developed to give structure to the operations department for a much faster turnover rate of customers from buying the product to implementing them on the system. A proper marketing strategy needs to be developed, as at the moment Relationship Mail is selling the product by word of mouth and key accounts giving availability of possible clients via their respective infrastructures, in the likes of Liberty. Another area to address is the employment of the necessary key positions within each business unit in Relationship Mail to cater for growing demand of the product.

Question 5: Draw down a SWOT analysis for R-mail™:

STRENGTHS	WEAKNESSES
• Target market has been correctly identified. • Skill levels in different departments are strong enough to grow the company. • No real competition as to what exactly RM Group has to offer. • An enthusiastic team, willing to learn. • A world-first system with first mover advantage. • A product that "sells itself". • A great financial remuneration model that can sustain itself once we break even.	• Resource shortage. • Struggle to implement action plans and actually follow through to the desired result. • Market competition offers certain products in our stable and owns a big market share (such as gifts). • If we can't act and implement on market requirements and needs the company will face extreme challenges to retain customers. • The team is too small and overworked. • Lack of proper systems. • Lack of capital to fill much needed positions. • Lack of experience in management and in terms of "CEO" level qualified people who can take the company forward. • Lack of sales support in terms of marketing and PR. • A software system that has faults in the design and a lack of suitable capital to fix and enhance it. • Lack of transparency with sales partners. i.e.: Not paying commissions on time if at all, but this stems from lack of capital too. • Lack of branding Relationship Mail.

OPPORTUNITIES	THREATS
• There are a lot of potential customers in the target market. • Company has the ability with its product to become the relationship marketing leader in South Africa. • International expansion is a possibility. • First to market. • The financial services love the system. • Cross sell/up sell opportunities.	• Implementation time of corporate accounts. • Expenses will increase while sales and fulfilment will not increase at the same rate, meaning the company is at risk of not taking off quickly enough opening the opportunity for a competitor. • Competitors might arise from within corporate companies if the seed is planted from our side and not implemented quickly enough. • No real barriers to entry for competition. • We are taking too long to gain majority share in the market. • Insufficient cash flow could cripple us. • Implementation sometimes takes too long and clients lose interest. This results in huge revenue loss.

SECTION 2 - Questions to Employees and Directors:

Question 6: Describe your position with relation to the organogram in the company.

Everybody that answered this question agreed that their current position in the company is the same as what is laid out in the company's organogram and with the related job descriptions.

Question 7: If you were to give a job description to yourself, what would it be?

Again, everybody had quite a clear indication of what their own job descriptions were and knew what their functions are within the organisation.

Question 8: What is your job description?

The answers given here were without exception consistent with question 7.

Question 9: Does your job description justify the work you do in the company?

All the answers were yes. The only shortfalls are that titles and job descriptions do not match. Job descriptions and titles should justify the level of expertise and work done.

Question 10: Are you aware of a strategy that's in place for your department, by the company?

- a. If No in 10, what do you think the strategy should be?*
- b. If yes in 10, is the strategy clearly defined, and do you understand the reason for this strategy?*

Yes- five out of six.

The employees are aware of the strategy in the company, but the definition of the strategy is not clear and where the organisation is moving to with regard to the relevant strategy.

Question 11: What would you suggest to the company in terms of getting a clear cut strategy in place for your department?

A common perception is the lack of resources to put clear cut strategies in place, and the immature state of the business, not being able to define exactly what is needed within certain departments.

Question 12: Name three weak points you can identify in your department and then in the Company.

- No clarity and understanding between employees on the different department functions.
- No clear strategy, with no clear indication of where the company is moving towards.
- Different departments in need of more human resources.

Question 13: Name three strong points you can identify in your department and then in the Company.

- Great Customer Service.
- Dynamic group of people together getting along well.
- Hard working bunch of people together.
- Great experience by management in the relationship marketing field.
- Leadership team is determined.
- Innovative organisation, with a lot of creativity to keep the product unique in the marketplace.

3.6 BRAINSTORMING

It was decided to have a brainstorming session with the directors to be as interactive as possible in the identification of the company's driving forces and Porter's five forces. The SWOT was also discussed, and consensus was reached that the identified Strengths, Weaknesses, Opportunities and Threats were indeed relevant to the current situation of Relationship Mail.

In the first session Porter's five forces model was discussed and made relevant to the organisation.

In the second session, the driving forces working in on the company internally and externally were identified and discussed. The following outcomes were reached in terms of the Relationship Mail's view on the driving forces and Porter's five forces:

3.6.1 Porter's five forces

3.6.1.1 *Barriers to entry*

- Relationship Mail has loyal customers and it is the First Relationship Marketing Brand with the product sold. This creates the perception of Relationship Mail to be the Market Leader of its sort, and new companies will have to break this perception trying to attract more customers to their brand.
- The system needed to fulfil this business successfully is huge and extremely complicated. Relationship Mail's directors and employees are experts in the field and they have a knowledge base and experience advantage over new entrants.
- Current customers are tied to a one-year contract and will have to incur penalty costs if they would like to move over to a different brand. This makes it expensive for customers to merge across to a different brand and will make them think twice about doing so.
- With being the leaders in the market, and claiming as much market share as possible, Relationship Mail is acquiring access to the main channels best for distributing the R-mail™ product. This will make it so much more difficult for new entrants to try and find proper distribution channels for their product.

3.6.1.2 *Industry competitors*

Because Relationship Mail does not have any direct competition at the moment it is difficult to ascertain the intensity of rivalry among existing competitors. There is however, a potential competitor and with them the diversity of strategies, origins, personalities and relationships might be a barrier. Relationship Mail has no idea what Net Florist's real strategy is, and it might create confusion on intentions.

3.6.1.3 *Pressure from substitute products*

Relationship Mail has two potential threats if it comes to potential substitutions in products.

- The possibility of another Customer Relationship Marketing Software program to build a fulfilment base extended to its software to have the same output products.
- Net Florist and other internet based gifting companies to provide the same hampers and gifts as Relationship Mail.

3.6.1.4 *Bargaining power of buyers*

The only real threat posed by bargaining power of buyers are the buyers demanding a superior service with superior results with superior returns, and a low tolerance for mistakes. Relationship Mail is a new company with a new product. Buyers are sceptic about the product and the product still has to prove itself to the buyers, and with this it puts a lot of pressure on Relationship Mail.

3.6.1.5 *Bargaining power of suppliers*

Because Relationship Mail has only one supplier per product, it give the supplier a much stronger hand in exerting more control over product prices, product quality and terms.

3.6.2 Driving forces relevant to Relationship Mail

The following driving forces were identified for Relationship Mail.

3.6.2.1 *Emerging new internet capabilities and applications*

This driving force is making the industry more attractive. Relationship Mail is a web based business and even though everything is operated through technology,

customers still receive a tangible product. This driving force is making it much easier for customers to accept the product, and easier accessible.

3.6.2.2 *Product innovation*

Relationship Mail is a first product driver. It is a new product in the market, introducing the product to first-time buyers. This is strengthening the market position for Relationship Mail as customers enjoy the novelty of a new product that is really working for them

3.6.2.3 *Changes in cost and efficiency*

It is much cheaper for Relationship Mail users to communicate with their customers through letters and cards than actually having to drive to them, incurring time, and petrol costs.

3.6.2.4 *Growing buyer preferences for differentiated products instead of a commodity product*

The Relationship Mail product is so innovative and gives the same output as sms marketing and mass mail. The difference is that Relationship Mail is a new way for users to communicate with their customers in an automated way, giving Relationship Mail the advantage of innovation

3.6.2.5 *Regulatory influences and government policy changes*

Relationship Mail heavily relies on the postage system of South Africa and because the government still control costing of postage, when regulations change and prices go up, it has a direct influence on Relationship Mail and its product offering, shrinking profit margins drastically.

3.7 SUMMARY

The results of this study were obtained by employees and management willing to partake in this study. There is a clear consensus amongst the group that a strategy is desperately needed, and because the opportunity never was there, nothing was done about it. Everybody is more than willing to do their share in partaking in this study, all for the better good of Relationship Mail.

The management of Relationship Mail took this opportunity to make a conscious effort to build a realistic and challenging strategy, and the information needed to do so, was collectively agreed on.

The results obtained from the study above will be used in Chapter four as the base for the strategic plan.

Hofstrand (2007/06) adds that strategic management is more than a planning, implementation and control process. It is also a state of mind and an attitude. Strategic management forces you to be forward thinking, proactive, and focused on where you are going and how you will get there. This brings it to the inescapable conclusion that corporate strategy cannot rely on any one approach, but must craft a combination of strategic methods to fit the organisational form and context (Clarke, 2001: 38).

"Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is full of educated derelicts. Persistence and determination alone are omnipotent."

- Calvin
Coolidge

CHAPTER 4

STRATEGY FOR RELATIONSHIP MAIL

4.1 INTRODUCTION

This document sets out a strategic plan for Relationship Mail. It reviews the strengths, weaknesses, opportunities and threats, with reference to the external and internal driving forces and Porter's five forces model. The strategy is compiled for Relationship Mail to ensure strategic positioning and to give the company a competitive advantage.

The document presents a series of statements relating to Relationship Mail's vision, mission, values and objectives and sets out its proposed strategies and goals. The vision and mission was compiled by management upon conception of the business and was adopted for the purposes of this mini dissertation.

The strategy below is a high-level view for the company on the proposed strategy and will be subdivided into finer detail by the business unit heads. This will complete the process, and will give a better picture of exactly what is needed to make a success of this strategy.

The time frame of this strategy will start immediately with some of the actions already taken, but the strategy will be appropriate for the next two years.

This enables Relationship Mail to get an eagle's eye view on what is needed in the business to reach its ultimate objective which is to expand aggressively and to penetrate market with an innovative product.

4.2 VISION

To become the leading relationship marketing service provider not only in South Africa, but in the world enhancing the company's relationship marketing strategies by providing companies and individuals with relationship marketing fulfilment products, processes and technologies.

4.3 MISSION

To become the leading provider of relationship marketing services in South Africa, and among the first relationship marketing fulfilment companies in the world. This will constitute Relationship Mail to be always the first to do anything within this field of service provision to its customers. Relationship Mail wants to be the best digital print output provider, have the best quality gifts and flowers on the system and to provide our customers with the best service possible. Our employees are central to the success of our organisation and will always be treated with the necessary respect. We want to build a team with only the best out of the best, and will try to always provide employees with the resources necessary to expand their knowledge.

Relationship Mail's mission statement is supported by the following company values:

- We value our business partners and ensure we have strong relationships and good credit history.
- We operate within strict legal and ethical guidelines to ensure our company and brand is never compromised.
- We recognize the human asset value of our employees.
- We promote employee loyalty, trust and honesty by encouraging an open-door policy and decentralized decision-making processes.
- We provide a challenging and rewarding work environment where skills development and wealth sharing is enjoyed by everyone.

4.4 BUSINESS GOALS

The long term business goal of Relationship Mail is to build a world class Information Technology system to support the Relationship Marketing product. This will enable Relationship Mail to become the market leader within this innovative field of relationship marketing by providing the necessary infrastructure.

4.5 MAJOR OBJECTIVES

Objectives are tools used to reach the goals of the organisation. Relationship Mail's objectives are quantifiable statements, followed through by strategies on how to fulfil the objectives. The objectives set out below are used in 4.7 to give the starting point of the action plans to quantify and explain the roll out of the objectives. The objectives are:

- To develop the leading relationship marketing software in South Africa and in the world.
- Realizing market penetration opportunities within the South African market.
- Achieving sales forecasts and targets set out in 4.8.
- Optimizing product and service intentions.
- To ensure continued growth and profitability of Relationship Mail. This main objective is to break even by March 2008.
- Expand into the international market in two years as set out in 4.8.

4.6 KEY STRATEGIES

Product presentation, site design, service and marketing are all key elements of creating an online ambience that rivals the atmosphere of buying online and offline. However, overly aggressive sales campaigns and creating a brand overnight is not a key business strategy that would lend itself to the success of the Relationship Mail brand. Relationship Mail must likewise resist the temptation to hawk too loudly and opt instead for a powerful brand representation that compels purchases in the absence of big promotions.

According to the grand strategy selection matrix, as referred to in Chapter two, when focusing on the strengths and weaknesses, relationship marketing has a concentrated growth strategy, where the focus should be on market development, product development and innovation within the organisation. However, the opportunities and threats should definitely also be taken in consideration, and the main aspect in opportunities to be considered is an innovative product. The target market of Relationship Mail has a lot of potential customers if the product is applied in the right way.

Porter's five forces and the driving forces analyzed were also considered when the strategy was compiled and the strategies are in line with the outcomes identified with the empirical study.

The company will implement the following strategies to achieve its objectives of becoming the leading branded internet relationship building and gifting company:

- Get SPII Grant and use the funds to create a compelling value proposition for software system companies in the likes of Spotlight and CRM and to continuously expand our product offering.
- Build strong brand recognition and leverage the brand equities affiliated with Relationship Mail.
- Increase sales force to increase exposure to various industries.
- Provide a high level of personalised service.
- Make a situation analysis and identify the financial need within the organisation.
- Identify suitable business partners in the identified countries.

4.7 ACTION PLANS

The following action plans were derived from the above mentioned objectives and strategies:

Strategic Objective	Strategy	Action	Responsibility	Timeline
Obtain Government Grants to enhance current system.	Get SPII grant.	1. Get relevant funds needed to support grant. 2. Apply for grant. 3. Complete milestones related to project plan. 4. Claim grant money back.	Wiehan Thuynsma	After obtaining of funds, 3-6 months, starting March 2008
	Leverage Relationship Mail's technology investments to create a measurable marketing and e-commerce platform that enables measurability, personalisation and integration with software system companies like Spotlight and CRM.	1. Identify customer who needs software. 2. Preparation of specification document. 3. Do a thorough cost analysis. 4. Write project plan. 5. Obtain development resources. 6. Development of system. 7. Test system. 8. Obtain user acceptance. 9. Roll out project and go live.	Wiehan Thuynsma	6 months starting after completion of system build.
Realizing market penetration opportunities.	Build strong brand recognition and leverage the brand equities affiliated with Relationship Mail.	1. Editorials. 2. Advertising space in targeted magazines. 3. Use own product in the form of a communication plan to market organisation. 4. Free key-note speeches on relationship marketing topic.	Charles Wilson	Continuous

Strategic Objective	Strategy	Action	Responsibility	Timeline
	Build a support services division within Relationship Mail.	1. Get finance from investors. 2. Employ relevant call centre employees. 3. Train new employees. 4. Implement and open Call Centre Department.	Marida van der Spuy Charles Wilson	6 months starting April 2008.
Achieving sales forecasts and targets.	Build an elite team of executives and industry professionals.	1. Identify the right target market. 2. Employ the right kind of sales experts relevant to the target industry.	Andrew Eaton	6 months starting April 2008.
	Expose sales force to various different industries.	1. Divide sales team into different markets, according to skill. 2. Send sales team into different industries to identify market needs and opportunities.	Andrew Eaton	Continuous

Strategic Objective	Strategy	Action	Responsibility	Timeline
Optimising product and service intentions.	Provide a high level of personalised service.	1. Employ relationship consultants and trainers. 2. Evaluate key customer contracts. 3. Do planning on desired outcomes with key customers. 4. Implementation of key accounts: - Continuous evaluation on product usage. - Continuous training and coaching. - Evaluate goals based on product usage.	1-Marida van der Spuy Charles Wilson a 2-4 newly appointed relationship consultants	6 months, starting in February 2009 Continuous
	Provide a compelling presentation of content and products to encourage repeat visits.	1. Communicate to customers proactive instead of reactive. 2. Email campaigns to relevant customers encouraging to use system and to introduce new products. 3. Call centre driven service with up selling and servicing of account.	Marida van der Spuy	Continuous
To ensure continued growth and profitability of Relationship Marketing. This main objective is to break even by March 2008.	Make a situation analysis and identify the financial need within the organisation.	1. Identify strategies where extra financial resources are needed. 2. Calculate costs 3. Source needed investment capital from business partners and venture capitalists.	Marida van der Spuy Charles Wilson Andrew Eaton	2 Weeks One Month starting December 2007

Strategic Objective	Strategy	Action	Responsibility	Timeline
Expand into the international market in two years.	Identify suitable business partners in the identified countries.	1. Identify Sales Partners in chosen country. - Do research to identify possible companies to engage in sales partner activities in relevant sectors.	Andrew Eaton	Starting January 2010
		2. Identify relevant fulfilment partners. - Research and understand product relevance to specified country - Source relevant suppliers of identified products.	Marida van der Spuy	Starting January 2010
		3. Identify possible IT development partners. - Get an understanding of IT infrastructure in relevant country and identify if it is needed to outsource.	Wiehan Thuynsma	Starting January 2010

4.8 FINANCIAL RESOURCES

Relationship Mail is not in the position currently to cover all operating expenses. The operating expense per month is R220 000 and currently the cash flow shows moneys received of an average of R100 000. Relationship Mail however, will break even, without any further human resource investments within the next 4 months. The targets to be reached for the next five months are shown below:

The targets for the last three months of 2007 and the first three months of 2008 are as follow:

Table 4.1: Financial targets

	October 2007	November 2007	December 2007	January 2008	February 2008	March 2008	TOTAL	Monthly Average
CASH RECEIVED								
In Touch Packages	50,000	70,000	75,000	85,000	105,000	125,000	510,000	85,000
Age Analysis		190,000					190,000	31,667
Customer Accounts	20,000	20,000	40,000	20,000	20,000	20,000	140,000	23,333
Season's Greetings			150,000				150,000	25,000
License Sales	40,000	50,000	30,000	40,000	40,000	40,000	240,000	40,000
Design Sales	15,000	15,000	5,000	15,000	15,000	15,000	80,000	13,333
AMB Payment	100,000						100,000	16,667
TOTAL RECEIPTS	225,000	345,000	300,000	160,000	180,000	200,000	1,410,000	235,000
CASH PAID OUT								
TOTAL PAYMENTS	221,348	308,880	234,866	241,237	251,996	247,738	1,506,065	251,011

Until break even in March 2008, bridging capital is needed to pay salaries of the employees and directors.

The directors will have to source investment capital from business partners and venture capitalists, to prevent the company from closing down.

It is normal for a company like Relationship Mail to need an investment at this stage of its operating cycle. There is a sharp increase in buyer demand, and Relationship Mail can not cope with the current infrastructure to accommodate the big influx in new customers.

As per the strategies laid out in the strategic plan, in order for Relationship Mail to expand into the needed infrastructure to efficiently cope with the rising demand in the Relationship Mail product, the following capital is needed for expansion.

This will be needed from March, 2008 with the exception o the R400, 000.00 bridging capital for current salaries, which will be needed from at the end of November.

Table 4.2: Financial resources needed

Description of Capital Investment	Total amount for Annum needed
IT development investment to cover SPII grant	R500 000
2 x Sales Representatives @ R20 000 per month	R480 000
2 x Relationship Consultants @ R20 000 per month	R480 000
3 x Call Centre Employees @ R8000 per month	R288 000
Marketing budget for the year	R50 000
New Facilities, (More Offices, Computer Equipment, Office furniture)	R150 000
Increase in current salaries of employees and directors to adjust to market related salaries, starting March 2008	R480 000
Bridging Capital for current salaries till break even in March 2008	R400 000
TOTAL INVESTMENT NEEDED	R2 828 000

As shown in Appendix two, the salaries and wages jumps from R120 000 per month to R240 000 per month starting April 2008. This is to cater for the extra employments made as the strategies reflect are needed to ensure sustainable growth for Relationship Mail.

Other expenses are forecasted to increase as Relationship Mail grows. The In Touch packages are an income growing every month on the amount of customers commenced on the system, choosing this payment option. This gives Relationship Mail a steady, quantifiable income. Relationship Mail started the In Touch packages in October, and this is a huge contributor to the current cash flow problem. Relationship Mail is carrying the customers for the first three to four months before the customer payments on the In Touch packages start generating a positive cash flow. Another source of income for Relationship Mail is customers paying on account and not with In Touch packages. This is an uncertain source of income, but with the bigger corporate companies preferring to pay on account, a monthly amount of R20 000 to R40 000 is being collected every month.

License sales and design sales have been consistently R55 000 per month, and will stay R55 000 per month until a bigger sales team is brought on board to support the Sales Director.

With the above said, if a bigger sales team is brought on board, a bigger implementation team will be needed to support the increase in sales. The financial forecast, with the bigger team is in appendix two.

On the forecasted budget for Relationship Mail, April 2008 – March 2009 it is clear that the organisation will break even, without bridging capital, provided the planned sources are made available with employments.

The initial investment to help Relationship Mail employ the correct people for the different business units will be returned, but the cash generated initially will not be enough to cover the employment expense in the form of salaries.

Some assumptions to appendix two are:

- Average license cost: R1350
- The two extra sales consultants will have the same sales performance than Andrew. Which is on average R40 000 per month in License sales and R15 000 per month on design sales.
- Sales consultants will get paid a basic salary of R10 000 and commission on sales.
- Average spend per customer on R-mail™ per month: R680

The figures above were calculated according to the actual financial performance of Relationship Mail, and it is not unrealistic to assume that these targets are realistic. Of course customer buying behavior will change the figures, but it is safe to work on averages controlled over the past 6 months.

License Sales and Design sales both have a cost of sale no more than 20% and the fulfilment expense account has a 50% cost of sale. Another assumption is that no economies of scale was taken into account with the figures above, meaning the expense on printing and gifting will reduce, as Relationship Mail start pushing quantities in the main product lines.

The Directors of Relationship Mail has to source the necessary funding, and they will first approach AMB Capital (Pty) Ltd, the current major shareholder in Relationship Mail and business partner. If AMB Capital shows no interest in bridging Relationship Mail with the needed capital, then the directors will have to sell shares to interested investors or venture capitalists for bridging finance.

4.9 CONCLUSION

The strategy laid down for Relationship Mail is a high level strategy, given the main objectives to be met in Relationship Mail, to achieve certain financial outcomes. The strategy is based on what Relationship Mail needs at this stage to achieve the following:

- Surviving the next 5 months, until the company will break even in March 2008.

- Start recruiting the identified resources to achieve the financial forecast for 2008/2009.

This strategy will have to be broken down by the department heads and each one of the strategies given in this document can be broken down into a departmental strategy.

The big challenge for Relationship mail is to stick to this strategy as close as possible, and to make a conscious effort to build the organisation into a positive cash flow. The responsibility lies with management to enforce this and to emphasize the importance of this plan to employees. With everybody working together to the one goal of Relationship Mail, "what can go wrong?"

"A satisfied customer is the best business strategy of all"

- Michael Leboeuf

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

In Chapter four the main objective of this study was achieved through a strategic plan that was developed for Relationship Mail. The sub objectives, which were the literature review and the analysis on Relationship Mail, were collectively achieved in Chapters two and three. The literature review was conducted by the use of research done on books and articles of the relevant field of strategic planning and strategy formulation for an entrepreneurial organisation. The analysis on Relationship Mail was a collective effort by the employees, the Directors and management, conducted in the form of questionnaires and brainstorming sessions. The collated information was used to compile a solid, yet realistic strategy for Relationship Mail to implement. This strategy will help Relationship Mail to stay focused on the operations, and will assist Relationship Mail not only to break even, but also to fast track the organisation into the leading position as market leader in the specific field of service provision. In this chapter, the objective will be to discuss the conclusions that have been reached and the recommendations based on the strategy that was formulated for Relationship Mail.

5.2 CONCLUSIONS

For Relationship Mail to become the leading service provider in the relationship marketing industry, it needs to implement a sound strategy. With the relatively inexperienced management group of Relationship Mail it was difficult to ascertain whether Relationship Mail is running into a profit generating organisation, or if it is slowly being driven into insolvency and termination of the organisation. Relationship Mail is a unique organisation with a unique product output. Although the individual products, if broken into separate product offerings, are not unique, the combination of the products,

with the output is still a young and unique concept, not only in South Africa, but in the world.

This however, does not give Relationship Mail a natural leverage above other organisations if they catch up with Relationship Mail and start offering the same product to the public. With the above-mentioned inexperience of the management in Relationship Mail, the organisation is at major risk. With no real strategy, and with the attitude of “we learn as we go” any other organisation can enter this market space and be a real threat to Relationship Mail.

This was the driving force behind the need for a strategy and in the research done in the literature review, it was confirmed that any organisation needs a strategy to sustain a competitive advantage. Relationship Mail is a young organisation and with the fast growth because of product demand, structure is needed for the ensured growth and avoidance of confusion in the day-to-day operations of the organisation.

Within the analysis of Relationship Mail it was highlighted that the most prominent problem is the lack of financial resources, and in the recommended strategy plan the lack of resources is also emphasised. Relationship Mail, furthermore, needs financial investment to ensure sustainable growth and survival. The current human resources are stretched to the limit and this is a worrisome situation presently. The market demand is growing at an alarming rate and due to the consequent cash flow shortages there is no free cash available to expand the current infrastructure. This could have a serious negative impact on business growth and survival if additional funding could not be sourced to invest in Relationship Mail. The Directors of Relationship Mail need to take this in a serious light, as the survival of the organisation depends on it.

5.3 RECOMMENDATIONS

Relationship Mail is a young organisation with a dynamic group of people working for the company. However, the inexperience of management is the biggest threat to Relationship Mail in the short and long term.

Although the management team is enthusiastic and would like to make a success of Relationship Mail, the following recommendations are given to help the team of Relationship Mail:

- The strategic plan can guide the management team to expand Relationship Mail further and turn it into a profit generating organisation. Each strategy recommended in the plan should be refined by management and fountained into more detailed operational plans for each department in the organisation.
- A sponsor for investment capital is needed. The directors should source possible investors or negotiate with the current business partners to give more investment capital.
- Once investment capital is sourced, management should acquire the necessary leadership and human resources to build the human capital of Relationship Mail from a small, inexperienced team to a market-mover workforce and organisation with first-mover advantage and a competitive edge over possible new entrants in the market.
- The strategy should be followed with as little as possible deviations to the plan. Although strategic planning is a dynamic process, it is Relationship Mail's legacy to develop plans and a day/week/month later, it is dropped and something new is tried. Deviations from the plan should, therefore, only be driven by driving forces in the competitive and external environment.

It is believed that, if the above-mentioned recommendations are followed, the strategy developed for Relationship Mail will be successfully implemented. Management should, however, be committed to the plan to ensure the sustainability of Relationship Mail.

5.4 SUMMARY

The objectives set for this study was achieved. It should, however, be emphasised that the formulation of this strategic plan was a team effort by management and that the successful implementation of the plan could be vital for the future success of the business.

The strategy formulated for Relationship Mail embodies the future challenges of the organisation and the management should take the recommendations in a serious light if they are determined about the future growth and success of the organisation.

The recommendations given was formulated after the plan was developed, giving the author the ability to identify possible areas that can make this plan fail.

The management of Relationship Mail is encouraged to make an effort to follow through, develop and build on the given strategy.

Perception is strong and sight weak. In strategy it is important to see distant things as if they were close and to take a distanced view of close things.

-Miyamoto Musashi

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APPENDIX 1

Name and surname: Charles Wilson

Position in company: Director

Department: Supply Chain

Directors:

2) How would you describe R-mail™'s management team and style?

- The management team is an ambitious and free thinking team with defined roles and responsibilities. Each manager understands their function and its contribution to achieving the companies' goals and objectives.

3) Define the roles of each of your Co-Workers and Business Partners.

R-mail has a small team of professionals, each with defined roles and responsibilities. The four key business units that are run and managed by a senior manager are:

- Sales – Andrew Eaton Acquire R-mail™ licenses and design revenue to enable the supply chain team to implement accounts and generate annuity revenue. The acquisition of the correct licenses is central to the growth of the business.
- Supply Chain – Marida van der Spuy The supply chain department is the engine room of the business; here licenses are activated and converted into annuity revenue and the production and management of product distribution is monitored. Customer support plays an important role to ensure customer satisfaction and activity is maintained.

- Information Technology – Wiehan Thuynsma IT is the foundation of the company and essential in the success of the business. Our IT director has an in-depth understanding of our technology platform and the ability to build and manage the IT needs. Further development and enhancement will be essential to maintain competitive advantage.
- Finance – Marida van der Spuy Management of finance and corporate governance are essential in the running of a credible company. Marida prepares and manages all account information.

4) How would you describe the Company Structure in terms of

- a. Strategy – Strategic planning in the short term has been less aggressive as we focus on our operational planning.
- b. Management – Well balanced management team with various skills to ensure each business unit is managed effectively and contributes to the overall goals and objectives of the company.
- c. Activated Action Plans – Short term operational plans will ensure our company and staff have tangible goals and targets which are important in achieving our goals.

5) What would you say is THE MOST IMPORTANT aspect within the company to be addressed and improved?

- Information Technology – IT infrastructure needs to be enhanced to cater for the ever changing customer needs.
- Human resources - Up-scale of human resource in key business units.

6) Draw down a SWOT analysis for R-mail™ of what you think the following is:

- **STRENGTHS** - Innovative
- **WEAKNESSES** – Lack of financial and human resources
- **OPPORTUNITIES** – Acceptance of product within our primary target market.
- **THREATS** – Competition and quality control.

General Staff and Directors:

- 2) Describe your position in the company.**
– Management and strategic position of each business unit.
- 3) If you were to give a job description to yourself, what would it be?**
CEO
- 4) What is your job description?**
– Operational and strategic driver within the company.
- 5) Does your job description justify the work you do in the company?**
Yes, when a business unit is not operating to its full capacity and within its defined role, my job is to re-engineer the business unit to ensure it is put back on track.
- 6) Are you aware of a strategy that's in place for your department, by the company?**

a. If yes in 5, is the strategy clearly defined, and do you understand the reason for this strategy?

Yes, we have laid down a strategy; however, as the business is so dynamic and ever changing the strategy has changed and needs to be revised.

7) What would you suggest to the company in terms of getting a clear-cut strategy in place for your department?

- The revision of the operational strategy should only be complied once each business unit has had time to mature and define its roles and responsibilities.

8) Name three weak points you can identify in your department and then in the Company.

- **Implementation Business unit**
 - Lack of resources.
 - Lack of quality licenses
 - Over committed
- **Company**
 - Lack of financial resource
 - Lack of IT infrastructure
 - Lack of marketing and positioning

9) Name three strong points you can identify in your department and then in the company.

- **Implementation Business unit.**
 - Defined process and procedure
 - Accumulated revenue growth

- Focused roles and responsibilities
- **Company**
 - Innovation
 - Great team and management
 - Scalable business model

Name and surname: Wiehan Thuynsma

Position in company: IT Director

Department: IT

Directors:

1. How would you describe R-mail™'s management team and style?

Each of the management team has a specific skill in the company although these skill levels do not cover all areas of the business requirements. The company can invest in one or two more skilled management people to take over certain responsibilities such as supply chain and HR.

The overall management style in the company I feel is a permissive one, meaning that decisions are taken most of the time by the management team and sometimes include the input from the subordinates. At this stage, however, I feel the company has not yet reached the maturity for these subordinates to really be power players in their own environments and because of this they cannot always contribute as much as needed by management. In some of the decisions made the management style did lean towards an autocratic management style.

2. Define the roles of each of your co-workers and business partners.

Charles – General management of company

Andrew – Focus on sales

Wiehan – IT

Marida – Operations/Finance

Mary-Anne – Design

Ronald – Data Analyser

Pretty – Office Admin / PA to Marida

3. How would you describe the company structure in terms of:

- a. Strategy

- b. Management
- c. Activated Action Plans

I think within the different departments structure does exist to put down definite strategy and action plans. The people heading up the departments do have enough skill and understanding to present the rest of management with action plans and realistic targets, although sometimes these targets are not realistic and action plans are not followed or proposed too late down the line.

4. What would you say is THE MOST IMPORTANT aspect within the company to be addressed and improved?

Clear action plans and achievable targets needs to be set down. The people heading up their individual departments **MUST** put down these strategies **AND** plan how to reach these targets. This must be presented to management; plans should be prioritized for each department.

5. Draw down a SWOT analysis for R-mail™ of what you think the following is:

- **STRENGTHS**

- Target Market has been correctly identified.
- Skill levels in different departments are strong enough to grow the company.
- No real competition as to what exactly RM Group has to offer.

- **WEAKNESSES**

- Resource shortage
- Struggle to implement action plans and actually follow through to the desired result.
- Market competition offers certain products in our stable and owns a big market share (such as gifts).

- If we can't act and implement on market requirement and needs the company will face extreme challenges to retain customers.

- **OPPORTUNITIES**

- There are many potential customers in the target market.
- The Company has the ability with its product to become the relationship marketing leader in South Africa.
- International expansion is a possibility.

- **THREATS**

- Implementation time
- Expenses will increase while sales and fulfilment will not increase at the same rate, meaning the company is at risk of not taking off quickly enough opening the opportunity for a competitor.
- Competitors might arise from within corporate companies if the seed is planted from our side and not implemented quickly enough.

General Staff and Directors:

1) Describe your position in the company.

IT Director - manages IT related requirements.

2) If you were to give a job description to yourself, what would it be?

I take care of all system design and implementation. This means all internal systems such as CRM as well as our product system (RMail). I oversee company IT requirements and act as support on all systems in the company.

3) What is your job description?

Design and implementation of custom software.

4) Does your job description justify the work you do in the company?

Sometimes it does, but in recent months, no, as I am focusing more on support and production than system design and implementation because of cash flow issues.

5) Are you aware of a strategy that's in place for your department, by the company?

Yes, all depend on budget availability.

a. If No in 5, what do you think the strategy should be?

b. If yes in 5, is the strategy clearly defined, and do you understand the reason for this strategy?

The strategy is clear but not documented to the extent necessary as I don't have the time to do it and yes I do understand the strategy as I am the person proposing system solutions.

All strategies in IT are based on time and budget and the one cannot survive without the other; currently, I can't spend time on the software development life cycle as I do not have any budget available.

6) What would you suggest to the company in terms of getting a clear-cut strategy in place for your department?

The company must break even financially and assign a proper budget to IT based on what it can afford to pay out. IT can do project projection costs but then it should be followed up and a decision should be taken on this, can't plan and get resources in place then just drop everything again – leaves a bad taste and looks unprofessional to the third parties involved.

7) Name three weak points you can identify in your department and then in the Company.

- **Department Weaknesses:**

1. NO budget
2. Don't have in house development resources – this will become necessary when more development is being done, but once again this is dependent on budget availability.
3. VERY difficult to plan new development because of lack of technical understanding, projects can only be discussed on a business level. This cause time delays when development actually gets the go ahead, because of third party involvement.

- **Company Weaknesses:**

1. Resources – require one or two more people in key positions to get the company to sustain and grow cash flow (extra sales person, more implementation resources).
2. Because of the relatively new concept and product the company has to offer unexpected hurdles are encountered and this cannot always be foreseen, especially from a software point of view.
3. Struggle to actually put a decent workable plan down and if it is laid down the company never seems to stick to those requirements and milestones set down. This means that although everybody is “aware” of what needs to happen there is no CLEAR plan on how to get there. This for me comes back to the various strategies that need to be put in place.

8) Name three strong points you can identify in your department and then in the Company.

- **Department strong points:**

1. Very knowledgeable of the product system, as well as passionate about new development and extending the functionality.
2. Can function as an independent department except for general support which **MUST** be provided by a call centre rather than an IT department.
3. High IT experience level makes IT related questions and suggestions easier to digest and get answers to these questions and suggestions very quickly. This speeds up the software development life cycle.

- **Company strong points:**

1. Management has been in the relationship marketing space for a number of years which boosts the understanding of the market.
2. Current skill levels are strong enough to get the company to a medium sized company.
3. The company offers a new product, which is to a certain extent uncontested.

Name and surname: Andrew Eaton

Position in company: Sales Director

Department: Sales

Directors:

1. How would you describe R-mail™'s management team and style?

I would say it's a very open style of management with no real hierarchy structure. Because we are a small team we may lack experience in managing people effectively once the team grows.

2. Define the roles of each of your Co-Workers and Business Partners.

Charles Wilson is MD, but also in charge of fulfilment, product development and marketing. A jack of all trades as such, up until we can afford professionals to take over those responsibilities.

Wiehan Thuynsma is IT Director in charge of the development and running of the R mail system as well as CRM. He needs to be on top of specking future developments.

Marida v.d. Spuy is Ops Manager and Finance Manager. Her job is to look after the team that ultimately gets a client up and running and ensure they meet their implementation targets. She is also in charge of all finance in the company.

3. How would you describe the company structure in terms of:

a. Strategy

Honestly, we probably lack a clear strategy at the moment. I feel it's a big weakness. We say one thing and do the complete opposite. This is probably because we are under-skilled in this area.

b. Management

As per my answer in question 1, I do feel we are extremely inexperienced in this field and some management courses may help.

c. Activated action plans

We have the greatest intent to follow through on action plans but I feel we set ourselves UNREALISTIC goals which result in action plans being deviated from. What was PROJECT MOBILISE all about? I knew from the start that the action plans were unrealistic, but sometimes action plans are forced on the team without proper consultation from the team as to what is actually realistic and achievable.

4. What would you say is THE MOST IMPORTANT aspect within the company to be addressed and improved?

Well, most important in the short term is getting our fulfilment and client activation processes smoothed out. Thereafter we need to work on a proper marketing and PR strategy. This is NON EXISTENT at the moment.

5. Draw down a SWOT analysis for R-mail™ of what you think the following is:

• **STRENGTHS**

- An enthusiastic team, willing to learn.
- A world-first system with first mover advantage.
- A product that “sells itself”.
- A great financial remuneration model that can sustain itself once we break even,

- **WEAKNESSES**

- The team is too small and overworked.
- Lack of proper systems
- Lack of capital to fill much needed positions.
- Lack of experience in management, and in terms of "CEO" level qualified people who can take the company forward.
- Lack of sales support in terms of marketing and PR.
- A software system that has faults in the design and a lack of suitable capital to fix and enhance it.
- A stressed MD! ☺ (That was a joke, Marida, so take it out!)
- Lack of transparency with sales partners that are not paying commissions on time if at all, but this stems from lack of capital too.
- Lack of branding ourselves.

- **OPPORTUNITIES**

- First to market.
- The financial services love the system.
- Cross sell/up-sell opportunities.

- **THREATS**

- No barriers to entry for competition.
- We are taking too long to gain majority share in the market.
- Cash flow could cripple us.
- Implementation sometimes takes too long and clients lose interest. This results in huge revenue loss.

General Staff and Directors:

1) Describe your position in the company.

Sales Director and salesman. I do all internal sales and try to manage our sales partners.

2) If you were to give a job description to yourself, what would it be?

Sales Director

3) What is your job description?

Sales Director

4) Does your job description justify the work you do in the company?

Not at present, because I do not have an internal sales team and our sales partners do practically nothing. This means I am, in essence, just a salesman!

5) Are you aware of a strategy that's in place for your department, by the company?

a. If No in 5, what do you think the strategy should be?

b. If yes in 5, is the strategy clearly defined, and do you understand the reason for this strategy?

Yes. We have a fairly defined strategy to internalise sales with a sales team instead of outsourcing sales. We have fairly defined sales targets, but we could clarify these in more detail once we know when we can start hiring sales people. We also know what markets to target.

6) What would you suggest to the company in terms of getting a clear-cut strategy in place for your department?

Once we know when we can hire, it would help to have a management meeting to know what the expectations of sales moving forward are and whether we can meet the expectations.

7) Name three weak points you can identify in your department and then in the Company.

Department: Lack of sales support (i.e. marketing and PR)

Dependant largely on ONE person for sales

No remuneration to sales partners for sales made which leads to a lack of incentivisation for them to sell as well as an element of distrust.

Company: Inexperienced management team with lack of management skills.

Lack of proper policies and procedures.

Lack of sufficient staff to fulfil important roles.

8) Name three strong points you can identify in your department and then in the Company.

- Department:

- 1 An easy product to sell with fairly short sales cycles in the financial services sector.
- 2 A salesman who understands the system backwards.
- 3 A system that can easily be taught how to sell to new sales people joining the sales team. (easy duplication)

- **Company:**

- 1 A determined leadership team
- 2 Innovative leadership team
- 3 An implementation team that have quickly learned the processes and are well trained, even though they are overworked and we are understaffed.

Name and surname: Marida van der Spuy

Position in company: Operations/Financial Manager

Department: Operations/Finance

1) Describe your position in the company.

I am in charge of operations, making sure that everything runs smoothly and also in charge of the finance department, making sure all the resources are used, as it should.

2) If you were to give a job description to yourself, what would it be?

The job description I would give myself is pretty much what I do at the moment.

3) What is your job description?

As operations manager I have to make sure that all the departments of the organisation operate in an organised and well conducted manner. This includes everything from doing ground work to managing staff. I am also Finance manager, and this responsibility is to oversee the finance, debtors and creditors, with the monthly accounting function and tax responsibilities included in this.

4) Does your job description justify the work you do in the company?

Yes

5) Are you aware of a strategy that's in place for your department, by the company?

Yes

- a. If No in 5, what do you think the strategy should be?
- b. If yes in 5, is the strategy clearly defined, and do you understand the reason for this strategy?

We have project “mobilize”, as a ‘strategy’ for the company, but this plan was initiated and then left in the air for too long, and right now, the operations has changed so much that the initial strategy is not relevant anymore.

6) What would you suggest to the company in terms of getting a clear- cut strategy in place for your department?

Do sound research and a SWOT analysis on my department, so a strategy can be identified.

7) Name three weak points you can identify in your department and then in the company.

- 1 Young company, with ever changing strategies.
- 2 No clear strategy.
- 3 No clear indication of where we are moving towards.

8) Name three strong points you can identify in your department and then in the company.

- 1 Great employees, working well together.
- 2 Innovative company with an extreme amount of creative juices flowing.
- 3 Each department has an expert in its field, the dots just needs to be drawn together.

Name and Surname: Mary-Anne van der Byl
Position in Company: Graphic Designer
Department: Design

1) Describe your position in the company.

I design up the cards and other print items for the company and get designs into the R-mail system.

2) If you were to give a job description to yourself, what would it be?

The job description I would give myself is pretty much what my job description is at the moment. In the future when there is someone to help me with the design department then I would like to possibly take on more work, such as gifting.

3) What is your job description?

Dealing with clients in terms of what they need for their r-mail print products, designing all print items, dealing with the printers, seeing clients for sign-off of prints. Loading all designs onto R-mail.

4) Does your job description justify the work you do in the company?

Yes

5) Are you aware of a strategy that's in place for your department, by the company?

- a. If No in 5, what do you think the strategy should be?
- b. If yes in 5, is the strategy clearly defined, and do you understand the reason for this strategy?

My answer would be a, although I would not say the department is completely without a plan, strategies for the company seem to change often. I think as the company is still new and things are evolving all the time that it is difficult to have a definite strategy. It is therefore difficult to say what the strategy would be.

6) What would you suggest to the company in terms of getting a clear- cut strategy in place for your department?

It is difficult to say as things seem to be constantly changing and I am still finding my way and learning about the business.

When there is no backlog of work and the design department has caught up with everything then it would be good to set out a strategy on how things should run.

At the moment it's all about keeping afloat and trying to give each client attention and keeping everyone happy.

7) Name three weak points you can identify in your department and then in the Company.

- 1 It would be good for everyone to know what each person does (sometimes I'm not sure who to ask about certain things).
- 2 The design department needs certain tools and applications, without these things it sometimes take longer to get done.
- 3 The design department is in need of a designer, as the company grows the design demand grows, so to keep up we would need another designer.

8) Name three strong points you can identify in your department and in the company.

- 1 Everyone has a positive attitude.
- 2 Everyone works hard.
- 3 We all get along well.

Name and surname: Nonhlanhla Pretty Ntshingila

Position in company: Customer Support

Department: Customer Support and Finance

1 Describe your position in the company:

Well I have a very important position in this company in that I assist the whole supply chain and make sure it goes smoothly.

2 If you were to give a job description to yourself, what would it be?

The one I have is just fine for now.

3 What is your job description?

Woo! Customer support, invoicing, debit orders and general Admin work.

4 Does your job description justify the work you do in the company?

Yes it does.

5 Are you aware of a strategy that's in place for your department, by the company:

Yes I am.

a. If No in 5, what do you think the strategy should be?

b. If yes in 5, is the strategy clearly defined, and do you understand the reason for this strategy? Not really.

6 What would you suggest to the company in terms of getting a clear cut strategy in place for your department:

I think I need to understand the company strategy first before I have any suggestions?

7 Name three weak points you can identify in your department and then in the company:

- 1 A lot of misunderstanding.
- 2 Not being clear on who's doing what.
- 3 Lack of communication.

8 Name three strong points you can identify in your department and then in the company.

- 1 Excellent customer service.

APPENDIX 2

Financial forecast for Relationship Mail, April 2008 – March 2009

	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009	TOTAL
CASH RECEIVED													
In Touch Packages	170,000	230,000	290,000	350,000	410,000	470,000	530,000	590,000	650,000	710,000	770,000	830,000	8,000,000
Customer Accounts	40,000	40,000	40,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	660,000
Season's Greetings									300,000				300,000
License Sales	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	1,440,000
Design Sales	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	540,000
TOTAL RECEIPTS	375,000	435,000	495,000	575,000	635,000	695,000	755,000	815,000	1,175,000	935,000	995,000	1,055,000	8,940,000
CASH PAID OUT													
Bank Charges	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Gifting Packaging Account	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Gifting Expense Account	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
Fulfillment Printing Expense	70,000	100,000	110,000	125,000	200,000	200,000	250,000	250,000	300,000	350,000	350,000	400,000	2,705,000
Computer Expenses	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000
Courier Fees	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000
General Expenses	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Legal Fees	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Printing & Stationery	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Rent Paid	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
Salaries & Wages	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	2,880,000
SARS Levies	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	28,800
Telephone & Fax	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
Travel & Accommodation	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
Charles Wilson Loan Account	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	108,000
TOTAL PAYMENTS	489,600	519,600	529,600	544,600	619,600	619,600	669,600	669,600	719,600	769,600	769,600	819,600	7,740,200