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Strategic Management at J Sainsbury plc.

Development of Business Resilience and
Sustainability

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The purpose of this report is to critical analysis of Sainsbury's incremental strategies to its strategic management and to develop a strategy for business resilience and sustainability. This report will also evaluate a change management programme within Sainsbury's.

The change management programme of Sainsbury's Supermarket is influenced by the current business scenario that is dominated by the external factors, including fierce competition, integration across global markets and advancement of technology. The internal factors of Sainsbury's are its managerial talent and the employee motivation level that influence the company's strategic management. The importance of strategy is that it improves the organisation's effectiveness as it leverages the individuals' and the institution's capabilities in a cohesive way. As Sainsbury's is looking for business resilience and sustainability, so the perfect development strategy for the company is an incremental strategy.

Task 1

Detailed Analysis of the Sainsbury's Internal and External Business Environments

Within the present dynamic business environment in the retail industry, implementation of incremental strategies is effective. To effectively tackle change and sustain profits, a key factor in the selection of incremental strategy is regulatory convergence. To make strategic management effective, the challenges posed by global competition have to be comprehended within the wide-ranging regulatory framework. So, an ever changing corporate environment that is complex in nature can be handled by implementing the incremental approach to strategic management. Thus, the strategic process moved in incrementally conforming to changes occurred in the organisation's internal and external environment. Multiple goals will then drive decisions. A comprehensive incremental strategy will be perfect development strategy for the retailer as transformations to its current operational activities are reflected by organisational goals, missions and strategies (Hannagan, 2002). Incremental strategy also goes after business resilience and sustainability across the business operations (Sanders and Wood, 2014).

As the present-day retail business environment is all the time more dynamic, the incremental strategies would be ideal for Sainsbury's, as usually incremental strategies do not change in major shifts of direction, but they usually change by resting on and adjusting what has gone

before (Werbach, 2009). Former decisions have a tendency to make influence on prospect directions giving rise to the type of pattern. An organisation's coherent and logical strategy may establish based on its strategic initiatives each of which be reasonable, logical and comprehensible in terms of former initiatives (Lang and Murphy, 2014). It is possible that a decision about heavy investment, or a product launch, creates a strategic direction which gives guidance to decisions on the subsequent strategic initiative. Such an initiative may be an acquisition (Lang and Murphy, 2014). This approach is very helpful as it consolidates the strategic direction. Every initiative is informed by this developing strategic pattern with the passage of time that ultimately makes stronger it (Lang and Murphy, 2014).

The financial business resources level of Sainsbury's Bank is low (J Sainsbury plc, 2015). The major financial risks for the Sainsbury's are the availability of financial resources (both short and long-term) to achieve business needs and variations in interest, commodity and exchange rates. Now, full ownership of Sainsbury's Bank has been acquired by the business which poses a risk that the financial performance of Sainsbury may be badly affected if the Bank transition and overall performance is not delivered as planned (J Sainsbury plc, 2015). The transitional risk can also negatively affect people, processes, regulatory submission and technical set-up and failure to tackle the transition effectively may have a negative impact on the Sainsbury's brand. However, the retailer is making effort to improve and expand its financial business (J Sainsbury plc, 2015). In this regard, Sainsbury's must have high business resources to stand out in the industry.

The incremental strategy would be perfect as it effectively tackles the challenges of dynamic retail environment (FitzRoy, Hulbert and Ghobadian, 2012; Wheelen and Hunger, 2004). Currently, Sainsbury's is confronting with a changing socio-economic atmosphere (J Sainsbury plc, 2015) and by adopting an incremental strategy the retailer would be able to deal with this effectively. The retailer would also be capable of to achieving its organisational mission and vision that can be done by merging all the goals (short, medium and long term) within the current dynamic and changing business atmosphere (Cho and Hambrick, 2006; FitzRoy, Hulbert and Ghobadian, 2012). As compared with inventive strategic approach, an incremental strategy is useful because by implementing it an organisation would be able to cope effectively with challenges and increase its sales (Lerner and Stern, 2012).

For Sainsbury's, a competitive analysis with the help of Porter's 5 forces model (Needle, 2010) is best because the company is fully capable of dealing daringly with competitors, such as Tesco, Asda, Morrison, Aldi and many other small competitors (Needle, 2010). However, the fierce market competition has affected the market share of Sainsbury's in terms of the retailer has just managed to keep hold its 16.2% market share, while Aldi has experienced its share jump from 4.8 up to 5.6% (McCaig, 2015). The market competition in the retail industry, especially in the financial business domain, is emerged from different sources as illustrated by Porter (see Fig 1) (Needle, 2010).

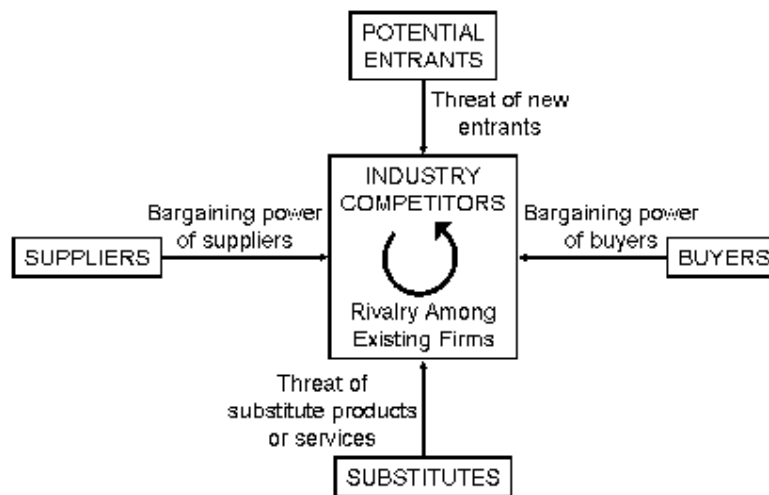


Figure 1: Porter's 5 Forces Model (Needle, 2010)

To gain the competitive advantage, Sainsbury's needs to conduct research to understand what the strategy and scope its competitors have. For this, the retailer needs to adopt and implement an incremental strategy to its change management. Sainsbury's can also develop grand view of the competitive industry because an incremental strategy will support in promoting business resilience and sustainability while enhancing revenue and profits (Ireland, Hoskisson and Hitt, 2012).

The strategy could be affected by culture of the organisation. The organisational culture of Sainsbury's pursues strictly the organisational goal: *"To make all our customers' lives easier every day by offering great quality and service at fair prices"* (J Sainsbury plc, 2015). It means that the retailer focuses on quality and earning loyal customers. However, to survive in the

current changing business environment with constant pace, Sainsbury's should adopt an incremental strategy.

A comprehensive, coherent and effective strategy is necessary to be devised as it assists in addressing the internal and external environment and its challenges (Leibold and Voelpel, 2006; Ireland, Hoskisson and Hitt, 2012). Sainsbury's can achieve business resilience and sustainability in its operational activities while improving the organisational culture if it adopts an incremental strategy (Leibold and Voelpel, 2006; Ireland, Hoskisson and Hitt, 2012).

Task 2

Critical Evaluation Incremental Strategy

The proposed incremental strategy to Sainsbury's strategic development is very effective. The reason behind its effectiveness is that it can enable the company to develop more flexibility to address and handle any sudden circumstances arising in the business policies, regulations and control domains (Ireland, Hoskisson and Hitt, 2012).

People

Sainsbury's needs to engage stakeholders to discuss the terms of exchange or bargaining structure with them. An incremental strategy is designed with the core objective of managing a business environment that has regulation uncertainties (Rainey, 2006). The role played by human resources (employees) and core competencies as the organisational resources is indeed pivotal in its achievement. By implementing an incremental strategy, Sainsbury's can increase more its potential to make positive impacts on its people while increasing revenue and profit (Leflar and Siegel, 2013). In this regard, Sainsbury's will have to develop and train coping talent through innovative strategy to survive in the current changing environment. Further, the core characteristic of Sainsbury's and its employees is diversification (J Sainsbury plc, 2015), thus an incremental strategy should make excessive use of this flexibility (Leflar and Siegel, 2013).

Operations

The business operations can be improved by an incremental strategy and Sainsbury's should adopt it. Business operations are the core domain where quick changes have to be kept pace with. The role played by stakeholders (internal and external) is pivotal for the business prosperity (Buckley and Ghauri, 2015). The organisational success can be achieved by balancing the stakeholders' interests and goals (Grant and Jordan, 2015). An incremental strategy should be implemented by Sainsbury's to optimise its business operations.

Finance

Financial resources should be enough and maintained because this approach assists an organisation in achieving effectively the objectives and in providing rewards (Dess, Lumpkin and Taylor, 2004). The primary motivator is cash rewarding to boost employee performance and ultimately to enhance organisation's productivity (Oakland, 2003). As Sainsbury's financial business (bank) resources level is not high, thus by developing and implementing an incremental strategy is must for the company as Sainsbury's can motivate its employees by maintaining its financial business resources.

Technology

Technology helps an organisation in maximising its potential if it maintains the same pace with it. The only need is that the resources should be utilised effectively to boost profits. Only the passionate employees can maintain and transmit the organisation's culture. The internal stakeholders and their leaders are considered as the central asset to make effective change. For retailers just like Sainsbury's that are confronting with a moderate to heavy environmental unrest, only an incremental strategy is perfect option for its strategic management. (Buckley and Ghauri, 2015)

Task 3

Recommendations and Justification of a Change Management Programme

Integration of an incremental strategy into Sainsbury's change management programme is important. The reason behind this approach is that as the company's external and internal environment is perfect because it that lets the company to make changes in any business

domain and activities according to its needs. To make the change management programmes most effective and successful, Sainsbury's will have to consider its human and financial resources, organisational culture and structure, technology infrastructure, and much more aspects.

It is imperative for Sainsbury's that it develops some conditions for its employees as part of its change management programme through an incremental strategy: contract to the organisational change, inspiring leadership for developing positive behaviour and attitude, and mechanisms for preventing from resistance to change (Rainey, 2006). Sainsbury's should keep in mind for effective and successful change management that the overall organisation's culture, structure, practices and incentives should be productive towards a change into a resilience and sustainable business (Kavanagh and Ashkanasy, 2006). Sainsbury's will have to ensure that the change within the company will be favourable to all. Moreover, to become the market leader and to beat the competitors like Tesco, Sainsbury's will have to restructure its company. Among many approaches, total quality management (TQM), restructure and cultural transition are more commonly used change management methods (Oakland, 2003). Sainsbury's should follow such a method that focuses strongly on innovation and that is consistent with its incremental strategy.

As a supermarket, Sainsbury's needs to become pragmatic to effectively achieve the organisational mission and objectives that can only be done by an effective change management programme based on incremental strategy. Sainsbury's may face numerous barriers and challenges that negatively affect the change management process. By making actual and innovative changes and by developing creative solutions Sainsbury's would enhance its potential and capabilities of coping with challenging issues. Adoption and integration of an incremental strategy to change management is necessary, but the company and its workforce must have the objectivity to evaluate the business achievements and failure.

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