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Strategic Management Perspective: Analysis and Case Study

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Abstract

This capstone paper consists of two parts, a review of strategic management and leadership in modern organizations and a case study of an organization that analyzes how strategic management and leadership in the organization is approaching the various issues faced by the organization, such as management, sustainability and other issues related to the workforce. Strategic management and leadership of an organization play a pivotal role in the overall health of the organization. Numerous companies that have failed financially or have struggled to survive were the victims of management and leadership straying from strategically setting the appropriate procedures in clarifying the direction towards their goals and vision.

The term "strategic management" encompasses several related terms and components of management in general. Under the umbrella term of strategic management, there are many processes and components, such as planning, leadership, implementation, talent management, and innovation, to name a few. This paper will begin by clarifying stable definitions pertaining to strategic management such as Strategic Leadership, Sustainable Strategic Management, Strategic Planning and Implementation, Organizational Strategic Alignment, Strategic Talent Management and Engagement of Human Resource, Learning Organization, Fostering Innovation, The Entrepreneurial and Intrapreneurial Work Environment, The Resilient Organization, The Triple Bottom Line, Systems and Design Thinking. The case study will examine an organization by providing a narrative of its history, discussing its structure, and commenting on its culture. Then the study will highlight some of the problems that strategic management and leadership failed to correct by not addressing, and thus condoning them.

Keywords: Sustainable Strategic Management, Strategic Leadership, Organizations.

INTRODUCTION

Part 1: Strategic Management

An Overview of Strategic Management

The concept of strategic management has received much attention from various parties, including scholars, researchers, business people and students of business. Therefore, we find many definitions of strategic management. When researching all sources for definitions of strategic management, three terms were unanimously repeated in all definitions: processes, decisions and goals. Strategic management is the processes and decisions that contribute to the implementation of strategies and the proper use of resources that enable the organization to achieve its goals. While this definition is broad, it provides a basic understanding of what role strategic management plays within organizations and of its importance (Alkhafaji, 2003).

In the early 1950s, the concept of strategic management was established by numerous contributors and scholars. After the end of WWII, the economies of the US, Europe and Asia began recovering, which was witnessed through a growth in companies and organizations. Strategic management is the term that became associated with all that pertains to successfully managing an organization to reach goals and meet expectations of stakeholders. Others argue that business administration researchers and faculty conceived of strategic management during the 1960s. At this time, more business schools were pushing students to study and research the inner working of organizations, and to define the best practices and explain why management sometimes failed in their duties (Karami, 2003).

Well-known contributors to the concept of strategic management, whose work influenced its development and created the foundation for its later evolution include, Alfred Chandler, Philip Selznick, Igor Ansoff, and Peter Drucker. In his famous book Strategy and Structure (1962), Chandler argued that a long-term coordinated strategy was necessary to give a company structure, direction and focus. Selznick formalized the idea of matching the organization's internal features with external environmental circumstances. Ansoff he developed a gap analysis to clarify the gap between the current reality and the organization's goals, and to develop what he called "gap reducing actions." Finally, Drucker stressed the value of managing by targeting well-defined objectives, and argued that the procedure of setting objectives and monitoring progress towards them should permeate the entire organization.

Strategic Management Concepts

To fully understand strategic management within the modern business environment, we need to define its most essential components. While strategic management and its application differ from one organization to another - depending on the size of the enterprise and industry –many concepts are an integral part of most organizations regardless of their diverse characteristics. The first strategic management concept that is essential to adequately compose the best-tailored strategy within business organizations is Strategic Leadership. This consists of the vision and direction of an organization through both growth times and difficult periods, and it requires a leader that thinks strategically. Peter Drucker introduced the concept of strategic leadership in his 1964 book titled Management for Results. Since then, many books and research projects have been devoted to strategic leadership (Adair, 2010). The importance of strategic leadership is that it relates directly to the success and growth of the organization, and requires a leader that transforms vision and words into action and a road map for success. Those leaders need to rely on the collective and collaborative work of employees in the organization, but also to consider the outside environment. A leader requires three features to effectively demonstrate strategic leadership: strategic thinking, strategic acting, and strategic influencing. Strategic thinking entails a profound understanding of the organization and its environment, masterful skills in involving many individuals and identifying the strengths and weaknesses of the organization to be able to draft plans accordingly. Strategic acting is the ability to be resolute when making decisions, and to balance short term with long term planning. Strategic acting is a very important skill to have, since it relates to decisions and implementations. Finally, a leader must have strategic influencing, which relates to building a following, bringing others into the vision and direction of the organization. It requires the complete understanding of the political landscape and the needs of others (Beatty, 2010). Strategic leadership is something that organizations should work on instilling and nurturing to reap the financial benefits.

The second concept within strategic management is Sustainable Strategic Management, which can be defined as strategic management that is socially conscious, sensitive to environmental issues while remaining economically competitive. This requires organizations to form internal and external strategies that establish appropriate alliances with like-minded organizations, non-profit organizations and community interest groups (Stead, Stead, & Starik, 2004). Since the early 1990s, sustainability in the business world has gained traction, with many businesses incorporating environmentally friendly and socially responsible policies. With more awareness towards environmental issues and the need to be part of communities, businesses have begun to use sustainable strategic management. While many businesses can be considered to be the cause of environmental and social problems, organizations adopting sustainability as a business model are looked upon contributing solutions to these problems (Stead, Stead, & Starik, 2004).

The third concept is Strategic Planning and Implementation, a fundamental part of every organization. The landscape of business is constantly shifting, which forces organizations to plan strategically about how to respond to the multitude of changes. Changes range from the overall state of the economy, to budget issues, to changing market conditions, to employee turn-over. Strategic planning is a set of tools that organizations utilize to actively create value and to help achieve the goals and the expectations of stakeholders. Implementation is the process that follows planning, and since strategic planning is a plan that clarifies actions and decisions, implementation is the process where these actions and decisions are applied (Bryson and Alston, 2010) .

Strategic planning requires “foundation” work. Steps that should be included are the following: defining the scope of the plan and the desired goals and outcomes, creating a time frame for developing the plan, participants and their commitment, and data gathering. Implementation of the plan is followed by reviewing and analyzing results and feedback, from which future planning and modifications can benefit. (Barksdale & Lund, 2006).

While different strategic plans require different execution steps, we can find commonalities in most strategic plans. The following ten steps are necessary to successfully execute a strategic plan: visualize the strategic plan, noting important elements and how they are related; measure the strategy to fully determine progress and understand performance; review progress on a regular basis; make decisions to keep things moving forward and on course; identify strategy projects if more than one strategic plan is being executed; align strategy projects to support the strategic plan; manage projects using qualified individuals; put in place a communication strategy so that execution is clarified and explained; ensure that individuals involved know their roles; and, finally, reward performance – incentives should be offered for successful execution (Barrows, 2010).

Another major phase of executing a strategic plan is to conduct an assessment strategy that will determine the strengths, weaknesses, opportunities and threats. The SWOT assessment tool is one of many tools used to conduct an assessment. Assessment takes into consideration the ROI (return on investments) of the strategic plan. The assessment strategy is conducted in five phases. First, there is financial assessment to determine funding and resources for the execution of the strategic plan, and monetary return on investments. Next, there is customer assessment, or how the strategic plan has aided in increasing the customer base, satisfaction and loyalty. Feedback from customers is also taken into consideration. Third, there is people assessment, which is to assess personnel involved in the execution of the plan, including their skills, and generate reports from key involved individuals. Fourth, there is technology assessment, which considers the technology infrastructure, involved individuals, and assesses the proper use of technology. Finally, there is process assessment, a key part of the entire assessment, which maps out the key internal functions and considers who is part of the execution, in order to avoid overlapping ("Conducting a Strategic," 2012).

The fourth concept is Organizational Strategic Alignment, which has to do with the appropriateness of external and internal contingencies with the organizational strategy. Another definition of strategic alignment is matching the outside environment with the inside resources and capabilities (Fortuin, 2007). Strategic alignment is a major force in the development of strategic management, since the latter requires an alignment to balance relevant contingencies between the external and the internal environment. The process of strategic alignment is a dynamic process, a process of continual change. Since strategic organizational decisions will invoke a response from competitors, the organization needs to respond by aligning its strategy to succeed in overcoming challenges. The strategic alignment includes continuing interactions between the organization and its environment. Strategic management is responsible for outlining the necessary road map for the organization to stay competitive, and this is done by clarifying necessary resources, personnel and goals.

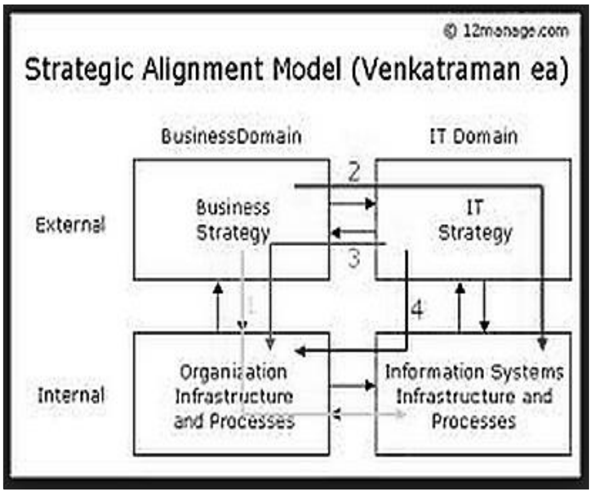

Figure 1: *Strategic Alignment Model (Henderson, 1993)*

The strategic alignment model (Figure 1) is divided into four parts. Strategy execution (Arrow 1) is when strategic management provides necessary resources to achieve performance progress. Technology Potential (Arrow 2) is a strategy requiring appropriate utilization and correspondence of the appropriate IT infrastructure. Competitive Potential (Arrow 3) involves the ever-changing landscape of business, which requires a constant response by the organization. Service Level (Arrow 4) relates to how the strategy aligns with the need and demands of internal and external users (Henderson, 1993).

The fifth concept of strategic management is Strategic Talent Management, one of the most critical issues facing companies in today's business landscape. Talent is considered an asset and organizations are developing programs and policies to recruit, select and train a talented workforce. Talent management is what organizations are relying on to continually improve talent recruitment and retention. In order for organizations to stay competitive in the global marketplace, strategic plans to develop talented workforce and leadership are put in place. These strategic plans involve more than just recruitment and selection, they go further to create an internal talent pool to ensure the availability of a qualified workforce as a business grows. Organizations are constantly drawing the connection between a talented workforce and the financial health of the organization, and this is forcing them to adopt a more comprehensive strategic talent management system and to create internal programs to develop in-house talent (Silzer & Dowell, 2009). Strategic talent development is what organizations looking to stay competitive are focusing on integrating into their human resources departments. Strategic talent development ensures that the organization is capable of providing appropriate programs to increase the talent and enact strategies that will respond to needs for talent (Silzer &Dowell, 2009). Below is an example of the strategic talent development model:

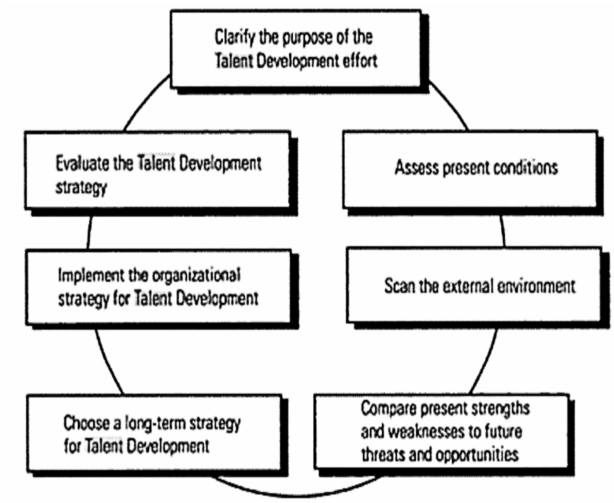

Figure 2: *Strategic Development Model (Rothwell, 2003)*

The importance of strategic talent management is paramount as it gives the organization the

necessary tools to stay ahead in the constantly competitive and unpredictable business marketplace.

Another key concept for strategic management is Engagement of Human Resources. Human resources play a vital role in aligning human capital with the objectives of the strategic management goals, and it has become one of the most important departments within small and large organizations. In today's business world, human resources has become strategically more involved in the overall planning of organizations. The engagement of human resources is woven into strategic management and its importance has created strategic human resources management. Some researchers argue that the effectiveness of human resources is a key factor in determining the overall performance of the organization (Analoui & Karami, 2003). The duties of human resources are three-part. First, they are responsible for recruiting and hiring employees to fill vacancies, and to keep up with the need of the organization as business grows. While it seems like a simple job, human resources face the daunting task of sifting through applicants to choose qualified talent. As mentioned earlier, to hire and retain a talented workforce is an asset for organizations. Many organizations are engaging human resources in developing strategies to recruit and retain talent. Strategies vary from one organization to another, with some offering high salaries, better benefits, bonuses and various perks (Vogelsang, Townsend, & Minahan, 2012). Second, human resources handles employee relations; managing the needs and wants of the workforce is a standard duty of human resources, and these include pay scale, how benefits are calculated, and keeping up with labor laws. In addition, there are issues of discrimination, harassment and disability, and the need to ensure accountability across the board.

Third, human resources plays a critical role in supporting the overall strategic management plan and implementation of an organization. Aligning human resources duties with the goals of strategic management can be achieved in various ways depending on the industry, size of the organization, and the willingness of top management to include human resources as a partner in the strategic management planning process. Examples of successful alignment of human resources are developing processes to ensure the maximum contribution of the workforce, training talented individuals to obtain advanced positions and leadership skills, providing continuous training and development courses and seminars to the workforce, developing a performance-based reward system that motivates the workforce to achieve the strategic goals of the organization, and providing the workforce with the strategic management plan, implementation updates, and an explanation of how their role is essential.

Strategic human resources holds key answers to organizational concerns relating to the ever changing business environment, and the effectiveness and performance of the organization is maximized by matching human capital to future requirements and the development of distinctive processes related to human resources issues and duties (Armstrong, 2000). A well-known model (Figure 3) that shows policies and practices for human resources is the Harvard Model of human resources management.

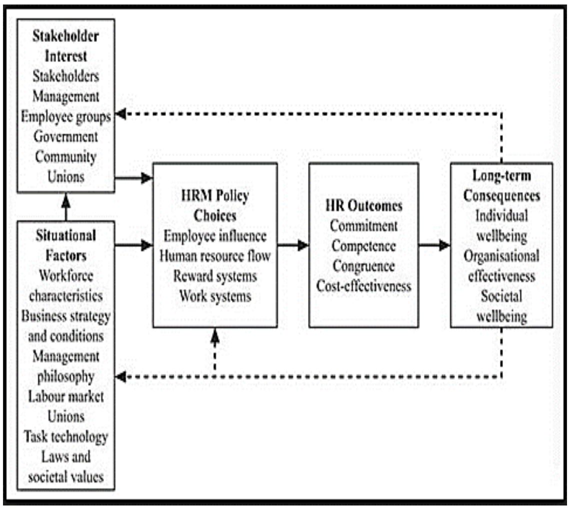

Figure 3: *Harvard Model*

Source: http://pauloliveiramartins1967.blogspot.com/2012/11/unit-1-harvard-model.html

The model offers distinctive insights into human resources management. It implies that human resources policies should be defined by keeping in mind environmental factors and concerns of the stakeholders. The policies of human resources should focus on workforce development and commitment, and should be crafted to promote cohesiveness and competence. The effectiveness of human resources strategic management will result in the effectiveness of the overall organizational strategic management (Kandula, 2003)

The seventh concept is called The Learning Organization. Organizational learning is an endless process that can often be cumbersome. It is common for organizations to make mistakes and face challenges and mishaps. When this happens, organizations go through a revision and learning phase, where mistakes are analyzed to figure out what went wrong and how to prevent them from happening again. Organizational learning depends on the desire within the organization to succeed and grow. The ever-changing landscape of the economy, marketplace and the entire global economic and political environment, forces organizations to maintain innovation, analysis and improvement of all its processes and operations. The learning cannot be done without the appropriate strategic management planning, adoption of innovative strategies, updating the technological infrastructure, and the recruitment and retention of a talented workforce (Collinson & Fedoruk Cook, 2007).

The next concept is called Fostering of Innovation, which, according to Peter Drucker (year of publication?), is what businesses need to succeed. It is important to note that invention and innovation are not the same: a business might be the inventor, yet it fails in reaping the benefits of invention. The example of Motorola is a classic example of how the business should innovate, not just invent, as this inventor of cellular phones failed to innovate its product and make it practical and user-friendly. Organizations should work on a strategy to innovate, and keep up with the speed of change. The technological and business landscapes are rapidly evolving and unpredictable, which makes it necessary to constantly innovate. Organizations should foster innovation as a crucial pillar of their business strategy, as the stakes are too high to lose steam and be left behind in the waves of change. To foster innovation, organizations should consider including the following within their overall strategic plan: get everyone involved by participating in innovative processes and idea-generating thinking, provide the latest technologies and invest in updating technology structures, encourage the formation of brain-storming teams, and establish reward programs for innovative solutions and ideas ("8 Ways," 2010).

The ninth concept of strategic management is an Entrepreneurial and Intrapreneurial Work Environment. Today's vibrant business climate is rapidly changing and evolving, and entrepreneurship is credited for creating this climate. Entrepreneurs, who have founded their own startups from scratch, possess certain characteristics that are not found in others. They often create a workspace that differs from a typical work environment. Entrepreneurs also focus more on creating vertical organizations with minimal layers. The open workspace environment encourages constant interactions between all personnel. An entrepreneurial work environment lacks the formal settings that are found within large organizations, and instead is characterized by a close circle of employees and founders. The work environment might be a simple setting that is reflective of entrepreneurial characteristics, which include determination, hard work, and risk taking (Allen, 2011).

In the past two decades, entrepreneurs who have joined organizations and corporations to minimize their risk have become intrapreuners. Earlier I discussed talent management, and how organizations should draft strategic plans to nourish talent and exercise the best retention strategies. Entrepreneurs are a talent, and organizations should provide the best work environment to tap into their creative spirit. This can be done with a number of strategies. First, the organization must provide the right climate for intrapreuners to flourish and innovate, which can be achieved by providing more autonomy, minimal supervision, and minimal formality. Create an encouraging environment provides intrapreuners with the confidence to engage in idea-generating activities. Second, an organization should establish a rewards program that shows appreciation for new inventions, ideas and problem-solving solutions. Third, adequate resources must be available for intrapreuners to work on their projects and inventions. The success of these inventions and their practical applications will offset costs with a high profitability margin. Fourth, organizations should engage employees at all levels with brainstorming sessions, proactive teams, outside conferences, knowledge-sharing seminars and gatherings. Finally, they must enable intrapreuners with the latest technological structure, which includes software, hardware and gadgets. To stay competitive, organizations have no choice but to embrace the intrapreunership spirit that is found within a talented workforce (Hegar, 2011).

The next concept is called The Resilient Organization. Michael Beer, a Harvard business professor and a renowned scholar, describes resilient organizations as high commitment, high performance organizations. Beer explains that these are the types of organizations that reach high levels of sustained performance through successful implementation of strategies, a high level of commitment, and continues learning (Beer, 2009). He insists that building a resilient organization encompasses many factors that work collectively together to achieve this status. The primary factor is leadership. Not all leaders are created equal, and Beer argues that a leader who wishes to build a resilient organization should possess knowledge of the organization, including the culture and mission of the organization, in order to maintain the commitment by employees. Leadership is vital to building a resilient organization, as it involves looking above and beyond one's personal goals and gains. This vision keeps leaders focused on instilling collaboration and open communication throughout the organization (Beer, 2009). The next factor is rapid response. Resilient organizations are rapid responders to the ever-changing landscape of business. They are able to continue a sustained level of growth amid uncertainty in the global market place, and do that because of exceptional leadership and a talented and resilient work force. An organization that builds strategies by forecasting changes and uncertainties, and implementing a plan "B" scenario, can withstand turbulence that might head its way. Commitment is also an important factor for a resilient organization, and contributes to sustained high performance. Management is committed to putting into place effective and efficient practices, employees are committed to giving their best performance, and the firm is committed to providing the best services and products for the benefit of stakeholders. Beer included examples of research done by MIT, Corporate Leadership Council, Fortune Magazine's annual "100 Best Companies to Work For," and Working Mother's annual "100 Best Companies." In these studies, organizations with a higher level of commitment showed higher levels of performance and higher overall quality.

The Triple Bottom Line is yet another concept associated with strategic management. The term triple bottom line was introduced by John Elkington, a British co-founder and non-executive director of SustainAbility, and well-known author of several books and publications that focus on sustainable business practices. Mr. Elkington argues that businesses can achieve better performance when integrating environmental and social responsibility into their business practices (Elkington, 1998). The Triple Bottom Line (the three Ps) integrates three elements to achieve sustainability (see Figure 4): economic, environmental, and social. The economic element represents the profits of the organization, including monetary transactions such as sales, return on investments, jobs created, and taxes. The environmental factor represents the planet and how the organization is impacting the well-being of the environment. It takes into consideration pollutions emitted by the organization, its carbon footprint, recycling measures and water and energy use. Finally, the social element represents people within or related to the organization, such as employees, customers and suppliers. In addition, it represents people impacted by the organization's existence, such as surrounding communities and the larger population (Savitz, 2013).

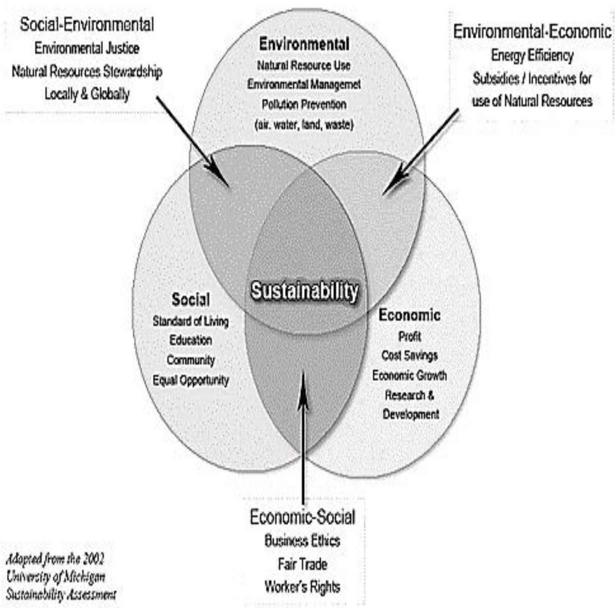

Figure: 4 *Sustainability Assessment Model*

Source: http://www.examiner.com/article/sustainability-101-the-triple-bottom-line-view-of-sustainability

Systems thinking is one of the last concepts, and is a process that incorporates key organizational elements such as strategic management, strategic planning, leadership development, teams and groups. The goal is to understand the interconnections of all these processes with the objectives of resolving problems and presenting solutions. An organization that wishes to change would use system thinking to evaluate all the systems in the organizations as a whole, with the intention of understanding the influences that these systems have on each other. Looking at variables, patterns, leverages, and behaviors, the organization will be able to bring the whole structure together to uncover any potential issues which might be difficult to observe by looking at one system alone.

According to Gene Bellinger, a renowned systems thinker, there are several steps organizations need to take to move from traditional analytical thinking to a system thinking strategy. The first is to define the situation: how does the organization see the current situation, what is the problem, and why is it a problem? At this step solutions are short sighted. To instill system thinking into the organization, a strong effort is needed. An organization that sees problems, such as lower standards of performance, slow growth, the same fix repeatedly used with minimal effects, insufficient capacity, limited resources are shared, various perspective to the same issues. When all these issues are present, the organization should attempt to incorporate systems thinking. Next, the organization needs to analyze patterns of behavior. Looking at historical data of issues, how these issues were dealt with in the past, can provide assistance in solving the current issues. The third step is to asses underlying structure. The use of software and simulation tools can be beneficial in understanding processes and evaluating outcomes. Understanding particular influences that impacts the system is important – these influences could be significant or insignificant, but their impact should be known. An understanding of leverage points can provide the organization with an alternative structure, which might provide beneficial outcomes. Finally, there is the development of an adoption approach: based on changes made to the structure, a plan to oversee the transition should be created. Systems thinking, if utilized uniformly, can provide organizations with a proper frame to identify issues, problems, and underperformance, and the ability to provide solutions more effectively and efficiently rather than relying on quick and temporary fixes (Izzane, 2006).

Design thinking is a concept related to systems thinking. It can be defined as the interaction between three different processes: desirable goals, feasible goals and what is practical. Another definition offered by Roger Martin in his book The Design of Business (2009), is the ability of the organization to think in analytical and intuitive ways. In other words, it is a way of identifying a particular issue or a problem and thinking of it as an opportunity or turning it into a positive issue. Martin outlines the steps involved in building design thinking within organizations. Mapping values is important, and the organization should know which values are prioritized. The most valued part of the organization could be the workforce, the talent, the open structure, or the organization’s products and services. Another step is the creation of collective goals at all levels. Groups, teams and managers should all be involved in a collaborative way of decision making pertaining to these goals. Being a part of creating goals will surely instill commitment to these goals. Finally, an organization should embrace innovation. Martin emphasizes design thinking because it clarifies approaches to innovation.

To understand the needs of users, organizations should focus on actual design thinking, since it will lead to innovation. Organizational culture is important to fostering thinking and learning. An organization that encourages a diverse workspace, allows the free expression of ideas, employees that work collaboratively on ideas and solutions, can transform prototypes into tangible and actual processes. Design thinking is a concept that most modern organizations are beginning to embrace. The rapid transformation in technology, the speed of innovation, and the wave of changes that pass through the business world, create pressure on organizations to stay focused and innovative. Since systems thinking provides the organization with a clearer vision of issues and problems without rushed solutions, design thinking provides unique ways to address these problems. It helps the organization to address challenges more efficiently and effectively. Design thinking and systems thinking go hand in hand to ensure that organizational performance is superior to that of competitors (Martin, 2009).

The final concept related to strategic management is Collaboration and Team Work in a Global and Virtual Environment. More and more organizations are doing some of their business globally and virtually. The world is a small village, and distances are not important as they once were. Doing business in a global setting is the norm for the majority of medium to large enterprises. Global and virtual work environments require a unique structure and format to maximize their benefits.

The characteristics of global and virtual work environments are unique and require skillful management and appropriate resources. In the global work environment, teams are dispersed and diverse, work culture varies depending on the location, business ethics and standards vary depending on the demographics and location, and, there is the diversity of cultures and languages (Adekola & Sergi, 2012). In order for organizations to effectively compete in global settings, they need to ensure that collaboration and coordination within teams is effective in producing results and achieving goals. Team work in global and virtual settings requires two important ingredients: collaboration and coordination (Lan & Unhelkar, 2005). While it may seem effortless, building collaboration among team members is a major challenge for managers, and should go beyond the time spent in virtual meetings. Getting participants who are geographically dispersed and most likely from different professional and cultural backgrounds is easier than to ensure collaborative work is actually being achieved. Some issues that could arise are related to the different understandings of collaboration among individuals who are dispersed physically and culturally. Another challenge is the strength of virtual discussions, and how they differ from face-to-face meetings. To succeed in effective collaboration, the organization should establish standards for collaboration processes and communication methods and forms (Wainfan & Davis, 2004).

There are many decision-making styles within organizations. Collaborative decision making is a style used in various industries, such as retail and hospitality, and within organizations that are dispersed globally. Organizations with presences in different geographical locations resort to collaborative decision making processes, since information, management perspectives, and data are diverse. Collaborative decision making can be empowering to those involved, as it provides a sense of responsibility and enhances the feeling of belonging. Collaborative decision making within organizations can take different forms, depending on leadership and organizational culture. The most common forms are democratic, consensus, straw polling, voting, and delegation. In the democratic form the options and their ramifications are explained. Then the decision is made by the majority, and opposing individuals accept the decision and agree to it. With consensus everyone shares their opinion and understanding of the decision, and presents their views and concerns. All parties involved agree to decisions by consensus, and cooperation and commitment prevail in this form of decision making. With straw polling participants are asked to use their hands (thumbs up or down) to show their agreement with or opposition to the decision. Voting is a method used with a large number of participants. In this case, a limit is imposed on the length of discussion, and a vote makes the decision. With delegation certain decisions may be delegated to a smaller number of individuals – usually these groups are skilled and knowledgeable about the details and technicalities of the decisions. Their opinion will then be presented to the larger group (Center for Collaborative Planning, 2013). Teams-based workplaces require a management structure that creates the appropriate environment, clear policies and procedures to clarify the goals and objectives that are expected of teams. The role of management is important in creating successful teams, teams that resolve conflicts professionally, build positive relationships, share knowledge and information, and perform tasks and duties to achieve goals effectively. Management can ensure that processes of teams are meeting or exceeding expectations by a few suggestive methods, which are used in many organizations. First is benchmarking, which establishes a comparison between teams within the organization. Second is the presence of an outside observer, or external consultants hired to observe teams and provide evaluation. The third element is continuous team discussions. Team members are continuously engaged in discussions to share their knowledge and opinions of the overall process. Finally, there are debriefing sessions: members engage in debriefing sessions to evaluate the outcomes of their project, and to examine the good and bad results (Harvard Business Press, 2010).

Strategic management in action

The role of strategic management within an organization is widely known and understood. When breaking down what strategic management is capable of instilling within organizations, we see no boundaries, or as the saying goes, “the sky is the limit.” Management and leadership creativity in strategically managing an organization should go beyond the normal understanding of what is possible. The business climate is changing rapidly, and organizations wishing to stay competitive should innovate and re-invent themselves constantly.

One of the strategies organizations should focus on adopting is the promotion of knowledge-sharing throughout the organization. Depending on the organization and industry, promoting knowledge-sharing can be achieved in various ways and with diverse methods. A strategy that was developed by Edna Pasher and Tuvya Ronen in their book The Complete Guide to Knowledge Management (2011), includes a four-phase plan to promoting knowledge-sharing and management within organizations. Pasher and Ronen’s four-phase strategy is based on the notion of never-ending process in effective knowledge management. Phase 1 is motivation, and involves understanding the importance of sharing knowledge management, and the questions, issues and solutions involved. The organization should invest in the intellectual capital of the organization. Phase 2 is about prerequisites. Management should work on two prerequisites to successfully instill knowledge sharing: a comprehensive strategic plan of the mission, vision, and execution plan, which will be supported by knowledge management, and the development of a

system that values sharing of values, and the creation of a management style that promotes workforce knowledge and talent. Phase 3 relates to talent capital, and involves the creation of strategic talent management and a strategy of recruiting and retention of talent. An organization wishing to promote knowledge requires a talented workforce that will use the knowledge to innovate and stimulate productivity. The strategy of talent management is tightly connected to knowledge management within the organization.

Phase 4 is about fostering innovation. An organizational culture that creates and nurtures innovation will prevail as a major force in helping the company grow and stay competitive. Employees who are encouraged and enabled to innovate will require a culture that supports innovative processes and practices (Pasher & Ronen, 2011). Promoting knowledge sharing within the organization requires decisive action. Decision making is the core of strategic management, and without it strategic management can be paralyzed. Thus, the relationship between strategic management and strategic decision making is a binding relationship that is inseparable.

The effectiveness of strategic management requires a decisive and consistent decision making process, in which decisions are needed to set the course for strategic management plans and courses of action. Leadership and top management’s responsibility is to draft strategic planning and to use strategic decision making to support strategic management goals. The success of such strategies depends on creating an appropriate organizational culture that will fit and support strategic management and planning (Kozami, 2002). The importance of aligning the organizational culture with strategic management is overlooked by many organizations. External factors that force the organization to change their strategic planning and management strategies do not take into consideration organizational culture and its role in supporting the changes made. Aligning the culture with strategic management planning requires decisions to reinforce the organizational culture and all levels of the organization to fit with changes in strategies and planning.

The following concepts can provide assistance in achieving this goal. First, there is assessment strategy. This entails a comprehensive assessment of the organizational culture to determine what the ideal values and characteristics are that will create receptive conditions to participate in decision making and to support strategic management vision and goals. Second, the role of leadership is to act as a model to support the participation of others in the strategic management and planning of the organization. Decision making should be expanded to allow multiple levels of input and collaboration. The role of leadership is to transform the culture of the organization to be more dynamic and aligned with the overall goals of the organization. Carrying out strategic management and planning strategies involves all personnel within the organization. Supporting processes include all the elements that shape the organization. Instituting rewards systems, feedback processes and knowledge sharing processes are important in creating a culture that will be involved in the overall planning and strategic management, which will prove beneficial in building a resilient and a responsive organization that can respond to changes in business climate (Filjon, 2013).

Leadership and Management in action

The goal of every company is to have a healthy financial standing, upward growth, and stakeholders who are content with the overall situation of the organization. While there are numerous internal and external factors that contribute to the success or failure of a company, leadership and management play a pivotal role in directing a company amidst uncertain and ambiguous conditions.

Today's business environment is highly competitive, with companies competing for market share, resources, and talent. The level of competition requires companies to rethink strategies constantly to keep up with changes and unforeseen circumstances. Leadership and management should approach such competitiveness with the highest integrity. Integrity will build a stellar reputation for the organization, which can affect the bottom line positively. To introduce a high level of integrity, leadership and management should focus on building trust, an essential step in building integrity. There should be, trust within the organization, trust between the company and customers, and trust within the leadership and management. Being truthful and honoring commitments should be a normal way of doing business.

It's imperative and logical that customers and suppliers trust the company they deal with, and respect should be mutual. Treating stakeholders with respect is also crucial. Trust is gained through open leadership, and leadership and management should be open to ideas, questions and feedback. Employees and customers are a great source for insightful and innovative suggestions, but they need to have a leadership willing to accept such insights, and willing to consider acting upon these suggestions and feedback. Another important factor is the use of honest and ethical practices. Leadership and management should ensure that the functions of the business processes and activities are clear of any questionable practices. Accounting is a major area within companies that should adhere to the highest standards of ethical and honest reporting. Similarly, advertising and marketing should be built on honest and ethical practices. Leadership and management should ensure that the company is truthful regarding their products and services.

The global competitive business environment allows customers and suppliers the ability to consider a high integrity organization as their choice of business partner. Business without integrity is short lived and business with integrity will succeed in building a strong rapport with customers (Moment, 2004).

Another feature of high standards of integrity is developing sustainable business practices, a trend that has gained momentum since the 1990s. The majority of businesses provide annual sustainability and social responsibility reports that highlight their business practices and achievements that conform to the industry-accepted standards of sustainability and social responsibility. Leadership and management, and in particular a visionary leadership, nowadays are expected to align the organization with sustainability and social responsibility. More and more companies are establishing a management position called "sustainability manager," whose responsibilities include drafting and overseeing sustainable and social practices and plans. Some of these practices and plans include environmentally-friendly practices, such as diversifying the sources of energy the company is using. For example, the use of solar and wind power is growing in large corporations and recycling practices are being put into place within the organization or throughout productions and services. The role of leadership is to institute environmentally-friendly policies and practices with an eye toward becoming a green company, where the company is reducing the carbon footprint, reducing the consumption of electricity and water by relying on renewable sources, using recyclable items and lead-free material and plastic. Human rights is another area of developing integrity within an organization, particularly supporting human rights campaigns and refraining from doing business with human rights abusers and in places where human rights violations are frequent. Leadership and management should ensure that the organization is condemning human rights violations, such as child labor, deplorable work conditions in factories, and illegal labor rules and laws, and that the company is not involved in or connected to any human rights violations (D'Amato, Henderson, & Florence, 2009). Another issue is diversity in the workplace, Leadership and management should ensure that the workplace is diverse and is adhering to federal and state laws as an equal opportunity employer. Hiring practices should be free from discriminatory actions. A related practice is community relations.

Socially responsible companies enjoy an excellent reputation within their surrounding communities. Leadership and management should make sure to cultivate a good relationship with these communities, by supporting community activities, local organizations, contributing to the community's needs, hiring from the surrounding communities, and ensuring that the company is represented in community groups and strategies. Nowadays, companies and organizations should work on being sustainable and socially responsible. Stakeholders expect no less than an engaged company in global issues (Burke, 2005).

When leadership and management are able to cement integrity and sustainability within their strategic management strategies, they will align the needs of a shifting market with the overall strategic management. The rapid changes in markets are creating pressure on organizations to draft strategies that respond quickly and innovate to such changes. Although strategies differ from one industry to another, from one company to another, there are a few fundamental strategies which are seen across the board. The role of leadership and management is crucial in foreseeing changes in the marketplace and changes in consumer behavior. Thus, they must use strategies such as listening to customers, and monitoring habits and behavior. Feedback is important in understanding the perceptions of consumers, how new products are received and how competitors are responding. Leadership should direct relevant departments to systemically research markets to get a full understanding of trends and changes. Responding to changes and needs in the marketplace requires quick thinking and execution, and a company should always assume that their competitors are responding faster to such changes.

As I mentioned above when discussing how leadership and strategic management are fundamentally connected and constitute a must have synergy to build a high performance and high commitment organization. Agility and adaptation are an important part of the foundation of a successful organization, and this includes agile leadership and a management focus on building high-performance teams that work on innovative solutions to the ever changing market conditions. What is needed is an organizational culture that fosters innovation, encourages problem-solving skills, and creates the appropriate workplace conditions that enable the workforce to increase their knowledge.

Great leadership and management focus on the outcomes, not how they were achieved. Since teams approach issues differently and follow different routes to outcomes, leadership should pay attention to results. This gives talented and high performance teams an environment that fosters innovation. Micromanaging creates a hostile environment that undermines collaborative abilities and creates a tightened workspace, which suppresses innovative practices (Puri, 2009). Leadership wishing to succeed must be adaptive and agile towards volatility, they should create a positive organizational culture and lead by example by embarking on coach approach (Gladis, 2011). The primary focus should be on building trust and creating an innovative workplace.

Part 2: Case Study: Best Buy Company, Inc.

Best Buy Company was founded by business partners Richard M. Schulze and Gary Smoliak in 1966 in West Saint Paul, Minnesota. The business venture was called Sound of Music, and was originally an audio specialty store. A year later, Sound of Music added two locations, one in downtown Minneapolis and the second near the University of Minnesota. In 1969, Sound of Music's stocks began trading as a publicly held company. Later that year, Sound of Music added three more locations in the Twin Cities area. In 1979, Sound of Music became a major supplier of video and laserdisc players, including brands such as Sharp, Panasonic, and Sony. On June 14, 1981, the Sound of Music location in Roseville, Minnesota was partially damaged by a tornado (Zentes, Morschett, & Schramm-Klein, 2012). The company decided to hold a sale at the damaged location, and it was advertised as a "Best Buy" sale. The sale attracted much attention and many shoppers, which made management decide to make it an annual “Best Buy” sale. In 1983, Sound of Music became Best Buy Company, Inc. and began selling home appliances and a large selection of consumer electronics. Best Buy opened the first superstore in Burnsville, Minnesota, in a large space and a further expanded product selection. The superstore at Burnsville soon became a warehouse distribution and a central service. In 1985, Best Buy joined the New York stock exchange, and two years later Best Buy introduced their famous “yellow tag” logo.

Sales at Best Buy grew to surpass the $1 Billion mark in 1992. In 2000, Best Buy launched BestBuy.com, an online store. That same year, Best Buy purchased Magnolia Audio Video Company, a high-end seller of consumer electronics. In 2001, Best Buy made its first international presence in Canada by purchasing the Canadian chain Future Shop, a consumer electronics stores (Hill & Jones, 2012). Best Buy’s shopping spree continued with the purchase of Musicland, a mall-based store specializing in music CDs. In 2002, Best Buy purchased Geek Squad, a 24/7 computer repair service. That same year, George Schulze stepped down as CEO, and was replaced by Brad Anderson.

The year of 2003 saw Best Buy locations grow to surpass 600 stores, and in 2004 Best Buy online business exceeded $3 Billion in revenues. In 2004, Best Buy purchased Five Star Appliances Company, a China-based chain, which gave Best Buy a presence in the growing Chinese market. In 2007, Best Buy opened the largest super store in China and in the same year purchased Speakeasy Company, an internet provider based in Seattle. 2008 was a very eventful year for Best Buy: its retail stores grew to 1000 with the opening of a store in the Mall of America in Bloomington, Minnesota. Additionally, Best Buy opened stores in Puerto Rico and Mexico, and a new location in Shanghai, China. In the same year, Best Buy purchased a 50% stake in The Carphone Company, a British retailer of consumer electronics, in addition to the announcement of new Best Buy stores in continental Europe. Best Buy also announced the addition of musical instruments to be sold in selected locations, which made it the second largest retailer of musical instruments in the US.

In 2008, Best Buy began the opening of Best Buy Mobile within retail stores, a move that was intended to ride the wave of the introduction of smartphones, which began with the release of the iPhone in 2007. The logo of Best Buy was redesigned to include a bolder lettering with an outline. Best Buy purchased Napster in September 2008 for $121 million, in the hopes of eventually offering music downloading services, and also announced plans to stream on-demand movies to devices purchased at Best Buy. In the first quarter of 2009, Best Buy became the largest retailer of consumer electronics, notably after Circuit City filed for bankruptcy.

Circuit City and Goodguys were the primary players in the consumer electronics and appliances market. In 2009 Best Buy’s major competitors were Fry’s Electronics (Western states) and hhgregg (Eastern States). By the end of 2009, Best Buy opened its first location in Turkey. In 2010, Best Buy increased its presence in the European markets by opening more stores through a joint venture with The Carphone Warehouse. Initial plans were set for an additional 200 stores, but the global economic recession in 2010 forced the plans to be delayed.

The recession continued to negatively impact Best Buy’s growth, and in 2011 it closed some stores in Europe, but continued to focus on its partnership with The Carphone Warehouse. In addition, a Best Buy store in Montreal, Canada was closed for weak sales. In the first quarter of 2011, Best Buy saw revenues and sales declining, a trend that continued throughout 2011, which forced Best Buy to announce a new strategy of transformation. The transformation strategy was announced in 2012, and included a store-within-a-store concept for the Geek Squad, a home appliances store, and Magnolia design store. By the middle of 2012, Best Buy had closed a total of 50 stores in the U.S. In July 2012, G. Mikan was named interim CEO, after the resignation of Brian Dunn, following an investigation of an affair with an employee. Mikan announced a plan of reductions in 2,400 stores, which included Geek Squad jobs. The plan called for Best Buy to focus on Best Buy Mobile stores in shopping centers. In September 2012, Hubert Joly was named the new CEO of Best Buy. In 2012, Best Buy closed all its locations in China, while continuing to focus on the Five Star Electronics stores, which had grown by the middle of 2012 to over 200 locations.

George Schulze, founder of Best Buy, stepped down as chairman of the board of directors, following the conclusion of the investigation of former CEO Dunn. Schulze was accused of misconduct in his role of covering up of the misconduct of Dunn. By late 2012, Best Buy's financial slide continued with lower sales and revenues. Stock value dropped by 42%, and investors and business analysts issued pessimistic statements regarding the viability of Best Buy. In response to the dismal financial reports, CEO Hubert Joly announced a new company structure to allow Best Buy to be more responsive to business challenges and opportunities.

The announcement in October 2012 was part of a major overhaul of Best Buy's structure, and the plan's most radical change was the removal of the middle senior management layer from operations within the U.S. The new structure would allow Best Buy to focus operations on two essential business operations, online business and retail business. According to CEO Joly, the new organizational structure would create a leaner organization that enabling it to become more agile, which would help Best Buy build better relationships with customers and help front line employees in their daily duties. The timing of Best Buy's structural change was meant to present a better Best Buy experience for the 2012 holiday season ("Best Buy Lightens," 2012). The plan included the creation of three business groups: a connectivity group, which would focus on the mobile and consumer electronics aspect of the business, a home group, focusing on home appliances, and a services group, which would oversee services related to products sold at Best Buy.

The new structuring plan announced by CEO Joly was met by skepticism by Wall Street analysts. Michael Pachter, analyst with Wedbush Securities, wrote in a November 24th blog: "We believe that Best Buy's store level economics place it at a 10% price disadvantage to online retailers, and we believe that increasingly sophisticated consumers with mobile Internet access will value lower prices over service, ultimately making Best Buy's big boxes obsolete" (Gruenwedel, 2012). The fourth quarter saw a decline in figures which were consistent with the first three quarters of 2012, despite the offer of price-matching on selected items.

Best Buy is one of very few companies that lacks a mission statement. Commonly, companies present their mission statement on their corporate website, in which they boast about their core business values and long term goals. Mission statements are a great way to provide a clear description of the purpose of a company. Best Buy chose not to have a mission statement, which is perplexing to many business people. Instead, Best Buy chose to have a very short non-official 'mission statement': "Our formula is simple: we're a growth company focused on better solving the unmet needs of our customers---and we rely on our employees to solve those puzzles. Thanks for stopping." (Jurevicius, 2013).The problem with this statement is that it ignores many facts regarding Best Buy values and the drivers behind its decision-making, and it simplifies the business by focusing on growth, customers, and employees

The following is an excerpt from Bestbuy.com, which outlines the company's corporate vision:

"People. Technology. And the pursuit of happiness." People: From "unleashing the power" of our own employees to maintaining a clear focus on our relationships with customers, vendors and shareholders alike, everything Best Buy does across the world begins and ends with people. Technology: the products we sell, the services we provide and the content we share all are tied, in some way, to the technologies that connect us and shape our changing world. The pursuit of happiness: Best Buy has a unique ability to make people happy. A great place to work makes employees happy. Happy employees make customers happy. Happy employees and customers make our shareholders, vendors and community partners happy. We're not perfect and we don't always get it right ... and that's why it's important to acknowledge that we're in constant "pursuit" of happiness. ("What is Best Buy's," n.d.).

Best Buy's vision statement claims that the company's goal is to make customers happy by providing them what they need. Best Buy's product list is extensive, with a large selection of brand names. The company currently sells the following products: TV & Video, Audio, Car & GPS, Cameras & Camcorders, Computers, Music & Movies, Books, Video Games & Gadgets, Office supplies, Home & Appliances, and Mobile phones. TV & Video includes items such as TV sets, home theater systems, Blu-ray & DVD players, GPS navigation, and accessories for these items. Audio includes items such as iPod & MP3 players, audio systems & components, speakers, headphones, musical instruments, satellite radios, car radios, stands and furniture, and accessories for these items.

Car & GPS items include radar detectors, accessories for car radios and satellite radios, and GPS navigation systems. Cameras & camcorders include, in addition to hundreds of digital and DSLR cameras, lenses, photo printers, camcorders, and all related accessories. The Computers section includes desktops, laptops, all-in-one printers, routers and modems, tablets, and accessories for these items such as memory cards, mice and keyboards, cables, switches, and power cables. Music & Movies include DVDs, Music CDs, and accessories such as microphones, headphones and disc players. Video Games & Gadgets items include games consoles such as Xbox, Wii, Nintendo, PSP and PlayStation, and accessories related to gaming. Office supplies items include telephones, printers, scanners, fax, and accessories related to these items. Home appliances items include washers & dryers, refrigerators, ranges, ovens, microwaves, dishwashers, vacuums, and small kitchen appliances, in addition to home security systems. The Mobile section offers mobile phones with carrier contracts, and Best Buy sells AT&T, Verizon, and Sprint mobile phone plans, in addition to no-contract mobile phone services such as MetroPcs, Boost mobile, and pre-paid T-Mobile.

The aforementioned make up a large portion of the products sold at Best Buy stores. Selections, quantities and prices vary from store to store. Services offered by Best Buy stores include "Geek Squad Protection Plans, Geek Squad Tech Support, TV & Home Theater Services, Computer & Repair Services, Tablet & iPad Services, Car & GPS Services, Trade-In Center Recycle" (BestBuy.com). In 2012, Best Buy signed a partnership with eBay and Target, in which Geek Squad services will be promoted to customers at eBay and Target. Best Buy is hoping that the partnership will generate extra revenue and encourage more foot traffic to stores. The Geek Squad is considered to be one of the best recognized brands in Best Buy, with approximately 20,000 tech experts, and its services account for 6% of the company's total revenue.

Best Buy's marketing strategy is based on providing high quality products at competitive prices, a strategy that divides targeted marketing into several segments. The primary target segment is people between the ages of 16-35, and age group more adapted to technology and considered to be followers of the latest trends in electronics and gadgets. To lure more customers from this age group, Best Buy offers a user-friendly online shopping experience, online and in-store discounts and the Reward Zone loyalty program. The primary target group is interested in the latest mobile phones, flat screen TV sets, laptops, tablets, and digital cameras. Best Buy is counting on diversifying marketing strategies towards the primary target to include college age customers between the ages of 18-24, since this group is more price sensitive and highly knowledgeable in the latest technologies. The age group of 24-35 is made up of working individuals, families and businesses. Best Buy's strategy for this segment of customers is to provide the best in-store experience, knowledgeable and trained staff, and convenience.

This age group is semi-price sensitive and made up of consumers interested in high quality products. The main goal of Best Buy's marketing strategy for the primary target is to make the company the consumer's first choice. To achieve this goal, Best Buy is keeps stores stocked with a large selection of electronics, maintains competitive prices, uses price-matching strategies at selected locations, and provides in-store service centers. In recent years, Best Buy has renovated many stores to have a better layout, more selections of merchandise, and employees trained in customer service, specifically how to push merchandise and communicate with potential customers, and knowledgeable about product specifications to be ready for questions and inquiries by customers (Khan, n.d.).

The second target group is between the ages of 36-50, and is made up mainly of middle class families, parents, small businesses, and price-concerned customers. This secondary group is seen as interested in appliances, home theatre systems, mobile devices and computers. The unique characteristic of this group is a lack of brand loyalty, which is due to the sensitivity about prices. This group will spend more time shopping around before making a purchase, and is also more interested in durable goods that can be serviced and maintained. Quality and prices are the two primary concerns for this group. Best Buy's marketing strategy is based on trying to build loyalty from this group, by providing service plans, installations, maintenance, and commitments to customers who purchase items at Best Buy. Best Buy reaches out to this group through advertisements on Television Networks, mail, and handouts at stores.

Best Buy's marketing strategy was part of the overall strategic plan announced in late 2012 by CEO Hubert Joly. The new strategic plan, called "Renew Blue," is based on five segments (Murray L. , 2012). The first segment is focused on improving customer service, which includes offering unique membership and loyalty programs, a customer-centric shopping experience, and the creation of a contemporized hub-and-spoke network. The second segment is concerned with leadership development at Best Buy, and involves retraining employees and managers to better serve customers and the company. The third segment involves working with several vendors to show the innovation and value of products and services. This segment materialized with the partnership between Best Buy and Microsoft and Samsung. The partnership allowed Microsoft to initially open 500 Windows stores in selected locations of Best Buy in the U.S. and Canada. These stores will offer hands-on experience about Microsoft products, and Microsoft will provide trained sales specialists and build these stores according to a Microsoft design. Best Buy will benefit from increased foot traffic to these stores, with hope that the Microsoft customers will purchase other products.

Similarly, Samsung will build stores within selected Best Buy stores to showcase their own products and services. Samsung Experience Shops will be installed in more than 1,400 Best Buy locations. These stores will provide customers with latest products from Samsung, particularly mobile products. The strategy of partnering with Microsoft and Samsung comes at a critical time for Best Buy, in its hopes of luring more foot traffic to the stores.

The fourth segment is a cost-cutting strategy, and calls for cutting costs of administrative and non-product expenses. The feasibility of this strategy is unclear. While the goal is to increase revenue and efficiency by cutting costs, the anticipated growth could put a strain on an over-stretched workforce. The fifth segment calls for better sustainability planning, by increasing recycling programs and community involvement. Focusing on renewable energy and recycling might cut down energy costs and present an image that will attract customers who are enthusiastic about protecting the environment, the implementation of the strategic plan is slowly beginning to show growth in revenues at Best Buy. A year after Mr. Joly presented his "Renew Blue" strategy, the company's stock price more than tripled. Figure 5 shows the increase in stock price from November 8, 2012 until November 8, 2013.

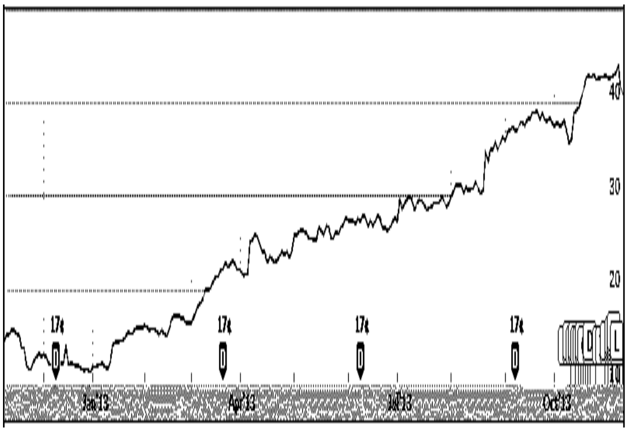

Figure: 5

Source: google.com/finance?q=NYSE:BBY

Figure 5 shows that stocks closed at $15.70 on November 13, 2012, the day the new strategic plan was introduced. On August 20, 2013, Best Buy released its quarterly report, which showed the first quarterly profit in a year. The report showed net earnings of $266 million, or 77 cents a share in the second quarter ended August 4 from $12 million, or 4 cents a share, a year earlier. Excluding a host of items, including certain legal settlements and a gain on the sale of Best Buy Europe, the company earned 32 cents a share, while analysts on average expected 12 cents (Skariachan, 2013). The turnaround in revenues is a good sign that the strategic plan initiated a year earlier is working, but the road to recovery is long.

Another positive outcome of the strategic turnaround plan is the cementing and strengthening of Best Buy's core values. Best Buy prides itself on having clear and simple values: "have fun while being the best, learn, from challenge and change, show respect, humility and integrity and unleash the power of our people." These strong values are the foundation of Best Buy's culture. A method that is imbedded in Best Buy's culture is employee empowerment. Best Buy uses social media to empower employees, through the use of three tools.

The first tool is called The "Loop Marketplace," which allows employees to share ideas and suggestions. These ideas and suggestions work as a brainstorming for innovation of ideas that might show a potential revenue stream, and Best Buy intends to act upon promising innovative ideas. The second tool is called "A Prediction Market," which helps employees at Best Buy forecast business traffic and busy shopping periods. This tool provides employees a voice in decision making, but it hasn't worked as well in providing an accurate assessment of forecasting. Forecasting requires extensive resources and a specialized workforce, which is beyond the ability of average front-line Best Buy employees. The third tool is an internal social network called "Blue Shirt Nation," which allows employees the opportunity to enroll in pension programs and to improve information technology systems.

At the corporate and managerial level, Best Buy implemented a program called ROWE (Results-Only Work Environment). This management practice was invented by two Best Buy employees in 2005, and they received approval by management to implement it within various Best Buy departments. The program allows employees to clock out if work is completed. The program is based on results, not on hours worked, and employees are held accountable and goals are clarified regarding what needs to be accomplished. The ROWE strategy is based on three connected points: the power of time, how people judge time at work, and how work should be completed. The adoption of ROWE has provided Best Buy with several benefits: a 50% reduction in turnover, better employee commitment and satisfaction (according to Gallup Organization that monitors Best Buy culture), and increased productivity by an average of 35% in the departments that adopted ROWE (fpolom, 2011). In early March, 2013, and in a surprise move, CEO Joly ended the implementation of ROWE. Mr. Joly described ROWE as "fundamentally flawed from a leadership standpoint." The move carried a message to Wall Street that Best Buy is taking the turnaround strategy seriously. Mr. Joly leadership is characterized as a hands-on approach, and on many occasions he has stressed the accountability of everyone at the company.

Analysts were skeptical that ending ROWE was a cure for Best Buy problems, especially since the program was successful in decreasing employee turnover, and ending it would likely affect the retention rate in the long term (Peterson G. , 2013). Best Buy's culture was once considered a role model for many companies, and innovation, adaptability, and successful "customer centricity" programs were all signatures of Best Buy prior to 2008. Mr. Joly's leadership strategy is evident by all the policies that have been implemented since he took over the CEO position. The leadership of Mr. Joly represents a hands-on approach that envisions a growth-oriented future for Best Buy. His approaches to leadership are based on setting directions, talent and resources organization, and acting as a servant leader. Mr. Joly described his leadership style as concerned with coaching, motivating, and directing, in which the coaching is tailored differently to each person at Best Buy (Joly, 2013). Mr. Joly emphasized that human resources practices are being revamped. The role of human resources within the turnaround strategy is profound and essential. Employee satisfaction and commitment is essential in carrying out the goals and strategies of the organization. Best Buy's strategic turnaround plan contained an important dimension that focused on employees re-training and development.

In late 2011 human resources at Best Buy initiated a training and development program of employees at all locations. The program is called "Path to Excellence", in which employees have greater control over their career development based on their training, knowledge, and performance. The program consists of several levels of training modules that employees progress through. After successfully completing each level of training, employees receive badges. At the beginning of their career, employees receive virtual badges after completion. When moving to a new role, employees receive upon completion a bronze status. After completing more advanced training and development, employees receive a silver status. Reaching a gold status is reserved for those who complete more complex training and problem-solving leadership roles.

Platinum status is given to those who successfully complete all training modules and leadership training, which prepares them for managerial positions. Additionally, employees are rewarded specialized pins to wear to show their completed level of training, reward points that could be redeemed for products, and pennants for them to display. Employees at stores, who showcase their learned skills and knowledge at work, are rewarded if observed by perspective leaders. The Path to Excellence program integrates training modules, assessments, leadership, and recognition. The program is credited in developing a better work culture at Best Buy, and increased productivity and performance (Editors, 2013).

Several tools that facilitate communication across the organization were implemented to allow employees the ability to communicate and collaborate with each other, and across departmental teams. This communication is essential in building collaboration and knowledge-sharing. The Employee HUB is a tool that uses the intranet of Best Buy to allow communication between employees, and to obtain information regarding schedule, pay, and benefits. Another tool is called The Enterprise Blackboard, which shares Best Buy's financial information with all employees, including up-to-date information and reports. The Chalk Talk Blog is another tool that is used by C-Level executives to share posts, videos, reports and a Q&A forum. The aforementioned tools provide employees at all levels the ability to communicate and collaborate, which removes barriers between leadership and employees ("Best Buy Communications," 2013). Another information sharing system that Best Buy is using is the Enterprise Scorecard, an information sharing system developed by Lancet. The Scorecard serves as a single source of information, reports, and graphic data, which is used to keep track of and report on business segment at Best Buy. Scorecard stores all critical information, daily work reports, and store activities and sends all the data into every channel within Best Buy. This application has helped Best Buy align and unify all business data and reports of key business areas, and keep information consistent across the company. The application has proved to be a valuable tool for employees at stores by providing them with critical information pertaining to products, customer information, and answers to possible questions from customers.

In addition, Scorecard has helped management keep track of employees, labor costs, and labor allocation, which has allowed Best Buy to rapidly respond to changing trends and business requirements (Olson & Kesharwani, 2010). Scorecard has helped Best Buy in their ethical management goals. In 2010, Ethisphere Institute named Best Buy one of the top 100 most ethical organizations. Best Buy instituted an internal control systems, appointed a Chief Ethics Officer, an excellent code of conduct, and prevention and detection controls. Best Buy ethics management ensures that integrity is an important building block of a successful business, and accountability at all levels is controlled. Employees are trained on how to treat customers with trust, honesty, and fairness.

Communication is essential in affirming an ethical workplace, by ensuring that ethical standards are in place throughout the system. Employees at all levels are required to sign a compliance form that informs them of the code of ethics and has them agree to abide by it. Additionally, Best Buy uses the intranet and internal social sites to inform employees of any changes and developments pertaining to the code of ethics (Groehler, 2010) .

Best Buy's Troubles

For the last few years, Best Buy same-stores sales have been declining, and the company stock value has dropped to historic lows (it reached $10 a share in early 2012). Best Buy's web site has failed to deliver results, and has received bad reviews from customers. CEO Hubert Joly introduced his turnaround strategy to address the problems at Best Buy, calling it the "Renew Blue" strategy. Although Best

Buy's shares have recovered since August 2013, and for the first time the company posted a profit, the long-term viability of the company is in question. Several analysts and retail experts pinpoint two major issues with Best Buy, and without a long term strategy to fix these problems, Best Buy could go out of business. These two issues are divided into in-store issues and Best Buy website issues.

The first issue is what analysts discuss as the irrelevancy of Best Buy stores (Rosenblum, 2013). Since the middle of 2013, Best Buy stores have witnessed several changes, such as the incorporation of Microsoft Windows Stores and Samsung Experience Shops. The strategy of allowing Microsoft and Samsung to have a presence with their own products and staff is providing Best Buy with increased foot traffic into its stores. No actual figures have been released to show this effect. Some critics are arguing that shoppers might focus on the Windows Stores and Samsung Experience Shops without buying any products from Best Buy. They argue that customers are not convinced that Best Buy will change, and therefore their negative perception of Best Buy won't change either. Best Buy hasn't provided details of their agreement with Microsoft and Samsung, and how much they will receive as a percentage of sales. The partnership is in the early stages, and it might take a year to get the actual figures to show any improvements in revenue.

Another problem is the bad experiences customers have reported at Best Buy stores, for two main reasons: high prices and bad customer service. According to the American Customer Satisfaction Index (ACSI), in an annual survey of 70,000 shoppers, customers gave Best Buy and Sears low marks (Cowan, 2013). This survey is one of several indications of how customers are perceiving Best Buy. The company is facing an up-hill battle to change this bad reputation, which is acknowledged by CEO Joly. Customer sentiment toward Best Buy is based on the experiences they have had while shopping at Best Buy. These experiences revolve around common issues such as unknowledgeable staff, an insufficient staff to accommodate customers, unavailable products, and sales tactics which some considered aggressive or not honest. What has perplexed Best Buy is that foot traffic is consistent, yet actual purchases keep declining. Customers walk into Best Buy stores, but the majority walk out without making a purchase. Best Buy calls it "showrooming," where customers come to stores to inspect products and learn about them, but then go online or to a rival store to make the purchase. Best Buy and business analyst claim that customers are being price-sensitive, which explains why they will resort to purchasing the products online after inspecting them in stores. CEO Joly claimed on November 4, 2013, that Best Buy has "killed" showrooming. The strategy, which he claims has worked well, is focused on price-matching and improved customer service. The price-matching strategy is a response to the aggressive price tactics of Amazon, which is enjoying a 23% increase in revenue from last year (Fitzgerald, 2013).

The second issue is Best Buy's website: customers have voiced their frustration with the functionality of the website and its ease of use. Best Buy Online sales in 2012 were $3.35 billion comparing to Amazon's sales of $61.09 billion. The problems with Best Buy's online store range from few details about products, to less informative customer reviews, to no product customizations for individual customers, and a lack of correspondence between the online store and actual stores. Customers have complained that the website told them a particular product was available at stores to purchase, and then found out that the store had ran out of the product. Best Buy executives have acknowledged problems with the website. Scott Durchslag, Best Buy's new senior vice president of digital and marketing, said during a Goldman Sachs commerce conference in June that the website is "a 10-year time warp in some ways" (Zimmerman, 2013). Best Buy's strategy to revamp online store has been kept under wraps, but incremental changes are being rolled out, such as product searches and streamlining of buying products online to be picked up at stores.

Data from compete.com, a company that is used by Best Buy to monitor online traffic, reported a 9.9% increase in online traffic in August compared to a year earlier. In October 2013, Best Buy unveiled "My Best Buy," a reward web site that allows customers to redeem points and buy products at the same site, which was an obstacle with the previous online store. The reward program currently has 41 million members according to Best Buy, which entices customers to buy products to gain points (Burritt, 2013). Best Buy is showing positive signs that investments on revamping the website will increase revenues in the long term.

Best Buy’s long-term strategy

CEO Joly’s turnaround strategy of Best Buy that began in 2012 is showing optimistic signs that the retail giant is on the road to recovery, yet some analysts are claiming that more needs to be done to ensure a solid turn around and long-term growth. As discussed earlier, Best Buy must focus on two issues that the company’s survival depends on, in-store problems and online store competitive strategy. To approach and solve these issues, Best Buy has three options. These scenarios are divided into three categories: conservative, moderate, and risky. Each scenario possesses pros and cons, which is typical of any strategy.

The conservative strategy would continue implementation of the turnaround strategy, which involves cost cutting, focusing on Best Buy mobile stores, re-training employees to better serve customers, and improving the online store. Partnerships with Microsoft and Samsung are smart moves, yet positive results for Best Buy aren’t clear at this time. The price-matching strategy is a step in the right direction, although it seems to be a late move to compete with Amazon.com, and it will give customers the choice of seeing and feeling the product prior to making a purchase. Online store traffic is very high, but actual purchases are very few. This gives Best Buy room to grow in online sales, which depends on site improvements and functionality.

Best Buy should work on improving the shopping experience at stores and online prior to investing in marketing campaigns. It’s marketing strategy should be diversified and targeted. The main disadvantage of this conservative scenario is the slow growth that is the result of the gradual execution of the strategic turnaround plan. Slow execution might miss marketplace changes and consumer tastes and habits. Customers expect the best shopping experience, coupled with excellent customer service and honest transactions. Best Buy needs to ensure that the relationship with customers goes beyond making a purchase. The pros of the conservative plan is that Best Buy is finally getting the message that it needs to make fundamental changes to survive and grow. As long as Best Buy acknowledges that in-store issues and online store problems are in need of a transformation, the company is on the right track.

A moderate option would be Best Buy implementing a more ambitious turnaround plan with strategic pricing, where prices would respond to the prices of competitors, such as Target, Wal-Mart, and Amazon.com. This strategy requires a dynamic information system in-place. The system would be fed prices of the competition, and then compute matching prices, which would then be sent to stores’ POS (point of sale) systems and to the management. Another aspect would be to invest in ongoing training of employees at stores. Knowledgeable employees are an asset to any organization, and Best Buy suffered from years with sales associates whose knowledge in products and the store’s values was non-existent. Best Buy needs to improve the reputation of its workforce by providing ongoing training. Store management needs to ensure that procedures for monitoring employees’ performance are carried out.

Performance appraisals are one way that management can ensure effectiveness of the workforce. The online store should be improved so that it works at a faster speed. In addition, in order to prevent customer frustration, the online store requires more personalized attention to each customer by remembering their preferences, previous orders and potential deals that could be used. The website could suggest merchandise to customers based on their browsing history. The cons of a moderate scenario include the risk of implementing a permanent price-matching strategy, where margins would decrease, which would in turn affect profits. This issue is a double-edged sword: price matching would generate more sales, but margins would decrease, unless Best Buy is successful in attracting a large enough number of shoppers that the growth of sales would offset lower margins. Price-matching might encourage in-store traffic, and the online store should be ready to sync with stores to show that products are actually available in stores. This issue is currently common, where customers would are told that products are available in stores, but then find out that stores do not have the products. This takes us back to Best Buy’s reputation and customer’s shaky trust in the company. The pros of the moderate scenario revolve around the fact that Best Buy would actually begin to catch up with competitors. Online sales growth would provide a much needed source of income and build a loyal base of online shoppers.

The third option is a risky strategy, but it has the potential to return Best Buy to its glory days, and put the company at the forefront of competition. This strategy is built on three fronts. The first front involves slashing prices to be at or lower than the completion. This will heavily rely on a pricing strategy that requires investing in sophisticated software that analyzes competitors' prices and rapidly adjusts Best Buy's prices accordingly. Wal-Mart is a good example of this strategy: the store prices products a few cents lower than its competition, depending on locations and demographics. Similarly, the online store should be transformed and modeled after Amazon's website. Customization, lower prices, free shipping at a certain amount, and constant offers of rewards and coupons should be available. Price-sensitive consumers could be lured by the smallest difference in prices and shipping costs. Best Buy must transform the website to turn browsing customers into actual buyers. The website is in need of real changes to take advantage of the potential of increasing actual purchases.

The second front of this strategy involves employees at stores, and Best Buy should develop a system to reward employees based on sales in each department. For example, within the home appliances department, the sales target should be set to allow sales associates within the department to work towards achieving the sales target. Associates should receive proper training on sales tactics and appropriate methods of encouraging customers to make a purchase, without being aggressive in a way that might push customers away. When stores compete with each other to achieve a certain level of sales, with rewards programs to show that higher sales will be rewarded, employees might be inclined to set higher standards of performance. Interactions between employees and customers are critical in building repeat customers and producing purchases.

Another related issue is adequate staffing at stores, where customers might require immediate attention before they get irritated and decide to leave due to the lack of attention. Additionally employees should be trained to be knowledgeable in different tasks, such as answering questions about products, the ability to be cashiers, and knowledge about prices and price-matching strategies. Best Buy stores should be configured to allow checkout at any cashier, which would provide customers a better experience in shopping without thinking about long lines at checkout cashiers. The longer customers wait at checkout lines the higher the probability that they will change their mind about purchasing more products.

The third front is concerned with stores, their layout, configuration, amount of products, type of products and partnerships with big names such as Microsoft and Samsung. Stores should provide a pleasurable shopping experience, and make it easy to find departments and products. The focus should be on the latest products and products with higher profit margins. Keeping up with the latest trends in gadgets is critical to draw those customers who are less worried about prices. If the partnership with Samsung and Microsoft proves successful for Best Buy, it should be applied to all locations. Additionally, Best Buy should look into partnering with other players such as Lenovo, Sony and Google. A radical suggestion that should be tested is building a food court within Best Buy. Food courts in Ikea, Costco, and Target are examples of successfully integrating food courts within stores. Food courts would also increase the amount of time customers spend at stores, attract families, and provide a source of revenue. Best Buy could partner, for example, with Starbucks, Pizza Hut, or Dunkin Donuts to set up a food court within stores.

The pros of this risky strategy are numerous: it could provide Best Buy with a speedier recovery to increase revenues, change the image and reputation of Best Buy, and radically transform Best Buy into a more family-oriented shopping destination. The cons are related to the amount of investment Best Buy needs to make to carry out this plan. Best Buy is low on cash, and the cost-cutting strategy is restricting the availability of funds to spend on trial projects. In addition, tying employees' performance to sales could force them to use unethical tactics in pushing sales, which could backfire and result in a loss of customers. Partnering with Lenovo and Sony might bring objections from Microsoft and

Samsung, or it could clearly state in the partnership contract that Best Buy is not allowed to partner with their competitors. The idea of food courts would require construction funds, licensing and local regulatory approvals, which if the idea fails to generate revenues, would be a sunk cost.

Despite all of these potential scenarios, Best Buy should follow a more aggressive strategy to speed the turnaround. A year after CEO Joly announced the turnaround strategy, improvements are being felt, but are moving at a slow pace. The industry is rapidly evolving, which is caused by the quick turnover in technology and the introduction of new products at a faster pace than a few years ago. Best Buy cannot waste time, because its competition is investing heavily in increasing their share of the market, and customers are becoming more sensitive to prices and changing tastes. Best Buy needs an action plan to become more effective and to increase growth, and the action plan should consist of the simultaneous execution of several strategies. These strategies are divided into website, in-store, and marketing. The most important are website and in-store, as marketing cannot be transformed until the website and stores are ready to handle a greater number of customers. First impressions and shopping experiences are very important to convince a customer to return. Best Buy's website is an untapped source of revenue. Sadly, Best Buy has failed for years to turn the online store into a destination to buy, while at the same time becoming a "showrooming" location for potential customers. According to CEO Joly, Best Buy's share of online electronics sales is only 7%, and he is working on reaching 18% with the new improvements to the website. The company gets 1 billion visitors to its website annually, but only one of every 100 materialize into a buying customer. This is less than half the average for online electronics sales in the industry (Burritt, 2013). The above has discussed the problems that Best Buy must work on improving. There should be no difficulty in coming up with an innovative solution, and by studying what Amazon.com and Target.com has done, Best Buy can implement the needed tactics and strategies.

Action Plan

The strategic plan that was initiated by CEO Joly in 2012 is considered a good plan that could use modifications and assessments. Since execution of the strategic plan, there have been encouraging, though small, signs of recovery. While the strategic plan saved Best Buy from the bankruptcy path, more is needed to ensure long-term growth. A long-term strategic plan is what Best Buy needs. The company should focus on instituting several processes that will build a foundation for healthy financial standing. Stakeholders in general, and shareholders in particular, deserve to have a strong Best Buy, which will be able to weather challenges and fluctuating market conditions. A long-term action plan should focus on strategic management planning, strategic decision-making processes, and on building a resilient and learning company. What will dictate the overall viability of any company, is how technology will be involved and how the company will respond to the rapid changes in technology. After all, Best Buy is a consumer electronics giant, and technology in the industry is evolving, which produces new products more quickly than ever. For that reason, consumers' shopping habits change frequently. What we have seen in the past decade is that new industries have been created, while others have begun to disappear. The issue of new technologies in consumer electronics is the core reason for Best Buy's troubles in the past year. Best Buy has failed to keep up with new products and consumer habits, and it has wasted an opportunity in securing a large share of online ecommerce.

Clearly, Best Buy should evaluate historical data, decisions, and market trends to get a better understanding of current and future conditions. By now, Best Buy should be learning from past mistakes, and learning is a continuing process, which organizations use as a tool in fending off challenges and difficulties. Mentioned earlier is how Best Buy's action plan should include fundamental processes and strategic planning that will provide the company a better shot to prosper and have continual growth. These fundamental strategies are related to technology, people, marketing, and sales (in-store and online). These strategic aspects of Best Buy are interconnected and shouldn't be separated. It's imperative for Best Buy to understand that strategies are dynamic, and that as long as business is constantly changing, strategies should be ready to respond to changes. The faster changes take place, the quicker strategies should respond.

Technology is what shapes everything in our life, and most importantly organizations. No one can predict what is next in technology; what used to be an undisputable belief in Moore's Law, is now considered debatable and limited. Best Buy's long-term technological strategy should consider the following as fundamentals: technology is rapidly changing and today's products might be obsolete tomorrow, which means consumers will follow and change their tastes and habits. There is a focus on mobile technology, which includes smartphones, watches, tablets, etc. New products are constantly hitting the market, with fierce competition between big names, and small players whose innovation disrupts the market. Best Buy's use of technology as a strategic component of a growth plan should be emphasized by ensuring the following: IT systems are tools that facilitate the daily operations of the company, and therefore the company should ensure adequate investments in IT systems, efficient and effective communication systems, and POS systems in stores that are linked to a central data server. These data servers would ensure the flow of generated reports to the appropriate divisions. It's imperative for management to gain access to instant reports of various aspects of the business. IT systems with the use of specialized software could facilitate decision-making processes in response to reports of issues and problems. Best Buy should invest in adopting new technologies that perform tasks done by humans. This step will reduce the cost of workforce and human error. Additionally, many retailers are using technology in their stores to collect data about consumers' behavior within stores, and the data is then analyzed to provide retailers the best strategies in product placements, employee assignments, and layout of the store.

The next strategy relates to people. Best Buy employs approximately 165,000 full-time, part-time and seasonal employees (bestbuy.com), with the majority working at stores or store-related jobs. At the headquarter complex, Best Buy employs close to 6,000 employees. During the past few years, Best Buy's reputation was negatively affected by the reported bad customer service, employees with no knowledge about products, and a high rate of turnover. While the strategic turnaround plan by CEO Joly addressed the issue of employees at stores, Best Buy should do more to improve its reputation and customer perceptions. This strategy involves constant training of employees, ongoing information-sharing about new products and prices, and revising the reward system to bolster performance and loyalty in employees. New products are constantly making it to shelves, which requires an appropriate mechanism to ensure that employees are knowledgeable about them. The company could use new product orientations, internal emails to employees about product specifications and highlights, and store management involvement in observing employees on the sales floors.

Best Buy should pay particular attention to the importance of sales associates, since they interact with customers, answer questions, and sell products. Sales associates, if trained well, rewarded, and provided with fair compensation, could represent a valuable asset for Best Buy. The use of technology to collect data about the behavior of customers in the stores would provide a great opportunity to monitor how customers interact with sales associates, how long it takes before an employee approaches a customer, how long the interaction lasts, and if the interaction is successful in selling a product. Hesitant customers need immediate attention to close a successful transaction. Human Resources must implement a reward system to improve employee performance reduce turnover. Turnover does pose a significant problem at Best Buy, and re-training and recruiting costs would be reduced as a result of a reduction in turnover. Aligning Human Resources strategies with the strategic plan for Best Buy is common sense, as employees are the ones who will prove the success of any strategy.

The next step would be a better marketing strategy. Mobile technology has opened the doors for innovations in marketing, and strategies are being refocused towards mobile outlets and platforms. Best Buy's response has been considered slow compared to competitors. Relying on traditional platforms for marketing is costly with diminishing benefits. Best Buy should primarily focus on mobile advertising, which is the most effective strategy presently and is likely to remain so within the next few years. Best Buy's mobile marketing strategy is focused on advertising through mobile integration, which includes mobile sites, apps, SMS and banner advertising. The focus on mobile and online marketing is necessary to reach customers, as the use of mobile devices to browse and shop for products is becoming a preferred method for consumers. Retailers are investing heavily in rebuilding their websites and shopping mobile applications. Online sales are growing, as evidenced by the fact that in 2012 online sales were 7.6% of the $3.1 trillion in retail sales, and is projected to continue growing (D'Innocenzio, 2013). The potential is putting pressure on Best Buy to revamp its marketing strategy, which should consider those who use mobile devices for their shopping. A mobile marketing strategy should become Best Buy's focus, and applications, banners, and text messages are examples of advertisement methods used by leaders in the industry. In addition, the use of social media is considered the hottest trend in marketing. Facebook, Groupon, and Twitter are examples of social sites that provide a great platform to reach millions of potential customers. The shift in the marketing industry began few years ago with growth of the internet and mobile devices, as the use of TV channels, newspapers, and direct mail is losing steam and becoming ineffective in reaching consumers.

Finally, an improved sales strategy should be a key element of a long-term plan, as the survival of Best Buy will mostly depend on improving in-store and online sales figures. Revenues for 2012 were $9,339 billion, but a year later, revenues dropped to $9, 3 billion. Best Buy posted a net profit of $266 million in the quarter ending August 3, 2013. The better than expected results are based on near flat stores sales and cost cutting savings (Whittaker, 2013). The results are encouraging, but not a cause for celebration at Best Buy headquarters. The results were based primarily on cutting expense savings rather than revenues generated from online and stores sales. As CEO Joly has said on numerous occasions, much work needs to be done to improve sales figures across the board. While there are no magic formulas to increase revenues immediately, Best Buy should work on revising the strategic turnaround plan to keep up with challenges in the industry, evolving technologies, and consumer demands and habits. To improve in-store sales, Best Buy should work on aligning the previously mentioned people, technology, and marketing strategies with an in-store strategy.

Employees at stores play an important in role in driving sales, and with proper training and motivation, employees could be a great asset in building growth. Best Buy should work on building employees' commitment and loyalty by improving work conditions, pay scale, career growth, and performance-based rewards programs. The example of Costco Warehouse and its sterling reputation regarding its treatment of employees could be a role model for Best Buy and other businesses. As mentioned earlier, high turnover at Best Buy is a problem that could be resolved by showing a genuine caring work environment. Customer service improvements rely on employees to provide their best performance and show their attention to the needs of customers. The in-store layout and the addition of Microsoft Windows Store and Samsung Experience Shops are important in driving foot traffic into stores. However, as noted by Best Buy, Microsoft and Samsung are using their own employees at their stores in Best Buy, which could signal an unsatisfactory assessment by Microsoft and Samsung of Best Buy employees' performance. Best Buy has no choice but to improve employee performance and customer service, which will reflect on customer satisfaction.

Another aspect of Best Buy's in-store focus should be strategic placement of products at stores, and a decision about which should be given the most attention and space. Logically, the current demand for and widespread use of mobile devices makes them an ideal focus for consumer electronics retailers. Customers are looking for the best-priced and latest products. While Best Buy is focusing less on the music and DVDs aspect of its business, it should continue its strategy of responding quickly to the newest introductions in products. It should strive to be the destination for the latest products, with attention to the exclusivity of certain products.

An online sales strategy was included in the turnaround strategy by CEO Joly, with Best Buy reporting 10.5% year over year during the consumer electronics retailer's second quarter, reaching $477 million. In August 3, 2013, the end of the second quarter, CEO Joly outlined what Best Buy achieved pertaining to the online store. He noted that the company replaced its decade-old site search tool, revamped product recommendations for online customers while they are browsing the site, facilitated purchasing Geek Squad tech support services online, and improved the tablet applications. It also added location-based product offers and began encouraging customers to write product reviews (Enright, 2013). CEO Joly also announced plans to further improve online store navigation and online merchandising for in-store marked-down inventory.

The aforementioned strategies are foundations for an action plan that would provide Best Buy with long-term viability. Best Buy was considered to be practically out-of-business by many analysts and observers in 2011, but since CEO Joly came aboard in August 2012 the company has initiated a turnaround strategy to bring it back from the brink of collapse. The turnaround strategy, which included aggressive cost-cutting measures, slashing workforce, selling Best Buy Europe stake, and closing under-performing stores, has begun to yield positive results. Best Buy posted a net profit of $266 million in the quarter ended August 3, 2013. While these signs of recovery are encouraging, much hard work is needed to solidify the long-term viability of Best Buy. The fierce competition by rivals such as Wal-Mart, Target, and Amazon is especially alarming to the delicate mission facing Best Buy leadership. Best Buy must accelerate getting up-to-speed in online commerce, which is anticipated to continue growing at a high speed.

The leadership of CEO Joly is proving successful so far. Considering his statements and reports, he seems to have the knowledge of what Best Buy’s challenges are and how the company should respond. However, with the volatility of the retail industry and the fierce competition in both retail and online, in addition to the uncertainties in the economy and the fast-evolving pace of technology, Best Buy needs to engage in strategic thinking to guide it through these challenges. Best Buy might be in recovery mode, but what matters is how it can sustain growth and begin a more prosperous future.

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