

Paper: Assignment
Style: Harvard
Pages: 12
Sources: 8
Level: Master

Strategic Management – Nokia

[Writer's Name]

[Institute's Name]

Introduction

Nokia is a Finnish international communications corporation. It is mainly involved in the production of mobile devices and in joining Internet and communications businesses. They create a widespread variety of mobile devices with amenities and software that allow people to practice music, navigation, business mobility and more. Nokia is the vendor of Symbian operating system. Nokia has implied such strategies that help it to maintain its hold in the market of being a leading manufacturer in mobile devices. The paper will discuss the strategic audit of Nokia in a form of checklist.

Strategic Audit - checklist

The organizational mission/current objectives – what business is the organization in?

The organizational mission of Nokia is “Connecting People”. Their mission statement is “In a world where everyone can be connected, we take very human approach to technology”. The organization is involved in the business of manufacturing mobile devices and is in a race to become the world’s leading manufacturer of mobile devices. As the mission states that it wants to connect people, it is aimed at making such devices that they are easy to use for humans and also remain up-to-date with technology.

Analysis of stakeholders – power/interest mix

The stakeholders of Nokia are those have entrusted interest in the corporation. The necessities of stakeholders are high Return on Equity (ROE); dividends paid out, and increase in stock price.

Identification of existing strategies

Internal audit:

a) Resources (unique resources)

b) Competencies (note core competencies)

The core competencies of Nokia are personality counts, brand name/brand development, research & development, and mass production.

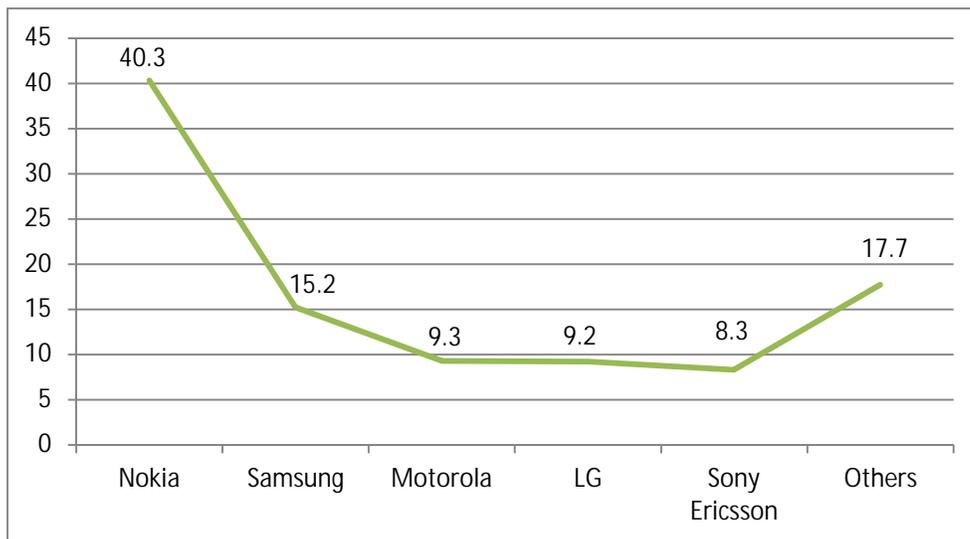
Personality counts –

- The capability to discover the “right” individual to fit into the Nokia squad is one of the corporation’s core competencies.
- Nokia deems that technological abilities are simpler to evaluate and to acquire than personal abilities, which performs a serious part in the corporation’s team-determined traditions.
- When employing academics and engineers, Nokia is nearly as involved in character as it is in technological qualifications.
- Executive of global strategic resourcing at Nokia's HQs in Espoo, Veli-Pekka Niitamo said "We want people who can work in a team, who can communicate and defend their ideas and, equally important, who can accept different opinions".

Brand name/Brand development –

- Nokia's brand is related with well-made extreme excellence and technically developed produces and an accessible client package. The power of its brand can be deemed attributable to its consistent functioning in spite of complicated market situations.

Mobile market share second-quarter 2008



- Nokia is the major phone producer in the World.
- Nokia has enormous client appreciation that other corporations may not require. Their market control also provides us clues to several of their abilities that will dig into the abilities part.

Research & development

- One of the utmost significant achievement aspects that have formulated Nokia the corporation it is today is their serious financing in research and development.
- They invested about 9.5% of revenues on R&D.

- Nokia upholds international links to universities, research organizations and other corporations to perceive and impact growths in technology.

Mass production

- One more Nokia's core competency is its capability to mass produce products rapidly and inexpensively to encounter needs in the whole world.
- They have apprehended nearly half of the entire market portion for mobile phones which creates it challenging for new corporations to infiltrate the market.
- The huge amount of factories around the world places Nokia in a vast place to encounter world requirement.

c) Managerial competencies

d) Corporate culture

Nokia corporate culture is one of the corporation's planned and cutthroat benefits. Even the corporation's slogan, 'Connecting People', is representative of the culture, and aids in describing the reason of its corporal amenities. The corporation's structures highlight masses of natural wood, huge windows, welcoming colours and fabrics, exposed floor strategies, pedestrian overpasses, game/leisure parts, fitness places and saunas.

e) Value chain

To get an improved comprehension of Nokia's stance in the mobile telephony business, it is significant to observe the business value chain. Handset end-consumers do not buy straight from Nokia, as an alternative, they generally register in cellular calling strategies from amenity

sources. Nokia trades its phones to the mobile service contributor and/or supplier after creating every handset using several factors created by other sellers.

f) Summary of what delivers competitive advantage

g) Summary of key strengths and weaknesses

The strengths of Nokia are that they have high quality phones which are an advantage for the brand. Nokia is the leader of the mobile phone industry in the field of innovation. The corporation comes up with new innovation every now and then which attracts its customers. Nokia's mobile phones are cheap for consumers to purchase.

The weaknesses of Nokia are that even though it invests heavily in the R&D area, there are certain areas in which it still lags behind other corporations. There have been certain short-term borrowings by Nokia. Recently, it has been noticed that Nokia has been having smaller sales than other phone carriers.

External audit

a) Remote environment – PESTLE

The remote environment of Nokia will be seen through the PESTLE analysis.

Political –

The outer political environment has the ability to influence Nokia considerably, particularly owing to the detail that Nokia is functioning on a universal level and should stand to

a complete presenter of country precise podiums in which the political and legal techniques can vary considerably.

Economic –

Economic factors such as development rates, interest rates, trade rates and inflation rates are vitally imperative to Nokia equally in the temporary and enduring term. The influence of these issues can have main inferences, comprising how they function and make verdicts such as what must be manufactured, how it must be created and what demographic of consumer the end result must be directed to.

Social –

Nokia's inventions have comparatively small product lifespans; this indicates Nokia has to pay careful concentration to styles and social choices. Growths in how mobile phones and smart devices are consumed have altered over the years, for instance, the development of camera phones, touch screens and 3G. Disaster to execute qualities when they initially occur can direct to meaningful market share destruction. Nokia functions in a vast amount of markets mostly owing to its robust allocation system, all of these markets have certain tastes, cultures and anticipations.

Technological –

In the telephones business, particularly OEMs, the rapidity of alteration and acceptance of new technology influences officials knowingly; the achievement of Nokia is built on endless invention. Nokia examines research and development improvements by rivals, obvious from

their speedy acceptance of touch screen technologies and more lately throughout their research plans into gadgets such as Tablets that are comparable to the iPad.

Legal –

Nokia has above 132,000 employees in 120 countries and therefore distinguishes the significance of concerns that associate to service adjustment in addition to employee wellbeing and protection. For instance, Nokia lately authorized a contract linking to the reimbursement parcels to be obtained by the personnel of Nokia employed at the Jucu plant with the Romanian trade alliances. Product protection and well-being is added legal concern that is of extreme significance to Nokia.

Environmental –

Altering public approach to environmental sustainability in addition to invention removal and reprocessing have altered extensively over the previous era. Nokia have been active with respect to environmental accountability and sustainability, they set further that it is “integrated into everything we do. From the devices we build and the suppliers we choose, to our mobile solutions that enhance people’s education, livelihoods and health”.

b) Operating environment – Five Forces

Threats of new entrants –

The threat of new entrants is very “low” and a factor that the Nokia corporation need not worry about in the upcoming future. The start-up cost of entering into the market of mobile phone industry is extremely high. Plus, Nokia is already an established organization in the market, beating it is almost impossible task. Nokia has invested a lot in their R&D department,

due to which they are currently holding 29% of the entire mobile phone market, worldwide. A new entrant has to first invest a lot in the R&D department to come up with an innovative idea to give competition to Nokia, and then attract its customer base. Both seem highly impossible in the coming future.

Power of suppliers –

It can be said that power of suppliers' threat for Nokia is on the "moderate" level. To begin with, Nokia is at a position from where it can bargain and negotiate with any mobile phone hardware maker as there are elevated numbers of equipment suppliers that are easily accessible, if the current suppliers of Nokia start to ask for more money. The argument that Nokia can use is that being a global organization and having the highest market share in the industry, the supplier would not want to lose such an illustrious organization.

Power of buyers –

The amount of power buyers have is high, for the sole reason that other handsets can be bought by buyers instead of Nokia's. One need to understand that mobile phone industry is an extremely competitive market and the number of choices it provides is very wide, which results in consumers having several choices to choose for the accessories from any brand, other than Nokia. The disadvantage Nokia has is that it does not have a direct store to sell to the customers, which gives other competitors the advantage to provide handsets and accessories easily accessible to consumers.

Threats of substitute's products –

Nowadays, mobile phones have turned into a product that is not only used to make calls and send SMS, but is also used to surf the web, click pictures, and many more functions. Mobile phones are more than a means of communication which is now divided into various functions. Therefore, the threat of substitute produce is extremely “low”. The only real substitute is to purchase all the functions of a mobile phone in the specific produces which would not be probable to take from place to place on a person at the similar time.

Competitive rivalry –

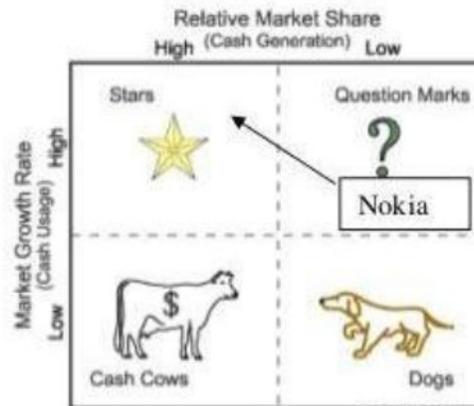
The industry in which Nokia operates is very fierce with elevated investment in R&D and marketing to contend with several of the major organizations in the world. For Nokia, competitive rivalry is extremely “high” and Nokia has to be alert that competitors are a huge threat to their business, especially due to the growth in popularity of Apple iPhone, and RIM BlackBerry. Nokia lacks behind in the smartphone market due to which their market share is very low. They would have to work a lot in this area, so as to compete with already major and known names in business, such as Apple, Sony, and BlackBerry.

c) Strategic group mapping

d) Industry life cycle

e) Boston matrix

The Boston matrix of Nokia will be in the form of question mark, cash cow, star, and dog as shown below –



Question mark – In Nokia’s case, its invention of N-series smartphone N96 were stressed to acquire the market share like the earlier N-series smartphone N95.

Star – Nokia is continuously in exploration for new inventions which they can change into stars. Additionally, they devote money in question mark and dogs so as to change them into a star, and then expect to alter them into Cash Cow.

Cash Cow – Nokia had numerous inventions that attained their prime of life and expired away. The smartphone N95 touched its market popularity and then gradually expired away as new technology is being familiarized on a regular base.

Dog – The mobile business technology alters very severely so if a Star has awful approach and publicizing, it will be effortlessly changed into a Dog.

f) Summary of key opportunities and threats

There are several opportunities for Nokia Corporation. Some of them are reducing the slightest money-making trades & focus on advantageous key trade; secondly, upsurge in R&D zone with further functioning benefit; lastly, initiating up to added markets further than Europe.

The threat that Nokia faces is that other phone manufacturers are gaining popularity in the area of smartphones, an area in which Nokia still lacks behind Samsun, Sony Ericsson, and many others.

Appraisal of Opportunities and Threats

Identify strategic options (it is suggested that 3 are considered)

S.A.F Matrix

References

- Anonym, 2008, Nokia Case Study: How Can Nokia Maintain Its Market Position in the Mature European Market?, GRIN Verlag
- Anonym, 2012, Diversification Strategies of Nokia, GRIN Verlag
- Galavan, R., Murray, J., & Markides, C., 2008, Strategy, Innovation, and Change: Challenges for Management, Oxford University Press
- Grünewälder, A., 2008, Analysis of Nokia's Corporate, Business, and Marketing Strategies, GRIN Verlag
- Haberberg, A. & Rieple, A., 2008, Strategic Management: Theory and Application, Oxford University Press
- Katsioloudes, M., 2006, Strategic Management, Routledge
- Mimoun, K., 2009, A Strategic Exploration of Nokia's Success, GRIN Verlag
- Thompson, J. L., & Martin, F., 2010, Strategic Management: Awareness & Change, Cengage Learning EMEA