Environmental Scan

**Introduction**

In the modern society, performing an environmental scan is very important to any business. Environment scanning encompasses a systematical study and interpretation of data about occasions, trends, patterns, and relationships in an organization's internal and external environment (Slack, 2014). The environmental scanning is important because it enables the organization to identify both external threats and opportunities. In addition, environmental scanning enables the organization and especially the management to make informed strategic decisions. In this paper, Lloyd's Register will be used to evaluate how the firm uses environmental scanning as a strategy to create value and sustainable competitive advantage.

Lloyd's Register is a global technical, engineering, and business services organization with its headquarters at Fenchurch Street, United Kingdom. Lloyd's Register is fully owned by Lloyd's Register Foundation, a United Kingdom charity organization dedicated to education and research in engineering and science (Polezhayeva et al., 2014). The aim of Lloyd's Register is to offer safety of the environment, property, and life, by assisting its customers to ensure proper operation of critical infrastructure and the quality construction.

**How it uses Environmental scanning strategy**

To create value and competitive advantage, Lloyd's Register uses environmental scanning strategy to identify both the opportunities and threats in the market. The demographic factors are one of the major factors mainly considered by the firm to gain competitive advantages. The demographic information such as income level, age, gender, and occupation are used by Lloyd's Register to identify the niche in the market (Slack, 2014). After identifying the niche, the organization directed the resources to fulfill the needs of the target market. For many years, the organization has enjoyed positive reputation and a good brand. The positive brand and reputation can be attributed to proper identification of the needs of the clients in the market.

To outdo its biggest competitors such as American Bureau of Shipping and Nippon Kaiji Kyokai, the organization uses their technical expertise to remain competitive in the market. For many years, the organization has enjoyed positive reputation because of their technical excellence of its employees (Polezhayeva et al., 2014). Being technical leaders in terms of innovation has enabled the organization to offer quality services to the customers. The organization has also used technical competence to enrich its clients with management information for making viable decisions.

Lloyd's Register has also used environmental scanning to provide better services to the clients. For instance, safety has been at the heart of the organization since 1760 when it was created. Lloyd's Register invests money, time, and other resources to fulfill their mission. Unlike its rifle competitors, Lloyd's Register has strived to offer exclusive services to the customers at lower prices (Polezhayeva et al., 2014). When setting prices for services, the organization always considers the prevailing economic conditions such as boom, recession, and depression. During the recession, the organization strives to breakeven by lowering the prices of services. During the boom, the organization strives to breakeven by increasing the prices of services.

Lloyd's Register also uses environmental scanning to identify favorable sociological factors which can enhance the proper satisfaction of customers' needs. For many years, the organization has been keen in identifying the changing trends, taste, and preferences of the clients (Wheelen & Hunger, 2017). The aim of paying huge attention to trends, taste, and preferences are to ensure that the organization is serving the right market with right quality and quantity of the products. A heavy concentration of the organization on customer's trend, preferences, and taste has enabled the organization to remain relevant in the market.

**External Environment of Lloyd's Register**

"A firm's external environment is challenging and complex." (Hitt, M. A & Ireland, D.R. 2015, p. 64). Lloyd's Register external environmental include customers, government, resources, economy, competition, and public opinion. In terms of competition, the organization has enjoyed favorable competition in the market. Even though it faces stiff competition from American Bureau of Shipping and Nippon Kaiji Kyokai, the organization has large market share (Polezhayeva et al., 2014). Regarding resources, the organization has adequate resources which include skilled manpower and finance. For many years, the organization has realized a huge gross profit. Regarding customers, the organization has a wide range of customers located in more than 76 countries it operates. A large number of customers have boosted the growth of the organization. The public opinion has been positive. Therefore, this has boosted the reputation and brand of the organization.

**General Environment**

Just like any other companies, the general environment of Lloyd's Register includes political, demographic, sociocultural, technological, and global. Similar to other companies, Lloyd's Register is operating in an environment constrained by government marine rules and regulation. The organization is strictly government rules and regulation. This legal/political policy of the government dictates the activities of the organization (Slack, 2014). In many cases, the organization has faced legal penalties for noncompliance with state rules and regulations. Compliance with emerging government regulation has been one of the biggest challenges to Lloyd's Register. To avoid facing legal penalties, the organization has engaged in sensitization of employees on how to comply with government rules and regulation.

In terms of the technological environment, Lloyd's Register is one of the leading marine organization in enhancing innovation and invention. Unlike its competitors, Lloyd's Register is the first organization to enable clients to access services on an online platform. The high level of innovation and invention in the Lloyd's Register can be linked to skilled manpower in the organization. The organization has heavily invested in skilled manpower to enhance invention and innovation. In terms of sociocultural factors, the organization is enjoying a positive reputation, attitude, and values. The employees of the organization are well known for having positive culture and values (Slack, 2014). This positive culture has emanated from the organization's mission and vision statement which encourages employees to be positive towards work. To build a positive culture, the organization has engaged in providing good salaries, health compensations plan, and paid holidays to employees to motivate them to work.

**Industry Operating Environment**

In terms of industry operation, Lloyd's Register has experienced various dynamic changes in economic cycles, lifestyle shift, and demographic changes. During economic recession of 2008, the organization experienced a significant decline in the number of customers and general profitability. Despite the recession, the organization is still enjoying a large market share in the industry (Coombs, 2014). The increase in the world population has boosted the growth of the industry. The world market has also started shifting to marine services. This positive trend in lifestyle has enhanced the growth of the industry. In the near future, the industry is expected to grow this can be attributed to improved technology in the industry.

**Conclusion**

In conclusion, the environmental scanning is very important in creating value to the customers and building a positive competitive advantage. The environmental scanning is used by Lloyd's Register to identify external threats and opportunities. In addition, the environmental scanning has been employed by the organization to identify the market niche, target market, and to satisfy the needs of the customers. The demographic, technological, and social factors have mainly been used by the organization to create value and competitive advantage in the market.

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