Strategic Plan, Part 2: Internal Environmental Analysis- Lloyd’s Register

**Introduction**

A company’s internal environmental analysis is crucial in the effective implementation of its strategic plan as it is provides the fundamental data and information that is crucial to execute an effective strategic plan. Lloyd’s Register is a technical and business service organization wholly owned by the Lloyd’s register foundation (Loyd’s Register, n.d). The services offered by the business include assessment, certification, asset management, consultancy, inspection, and design appraisal, shipping information, construction survey, validation and verification, testing and training courses. Its market comprise of industries in the aerospace, medical information technology, energy, governmental and public sector, utilities, nuclear among others (www.lr.com). It becomes imperative for Lloyd’s Register to undertake its internal and external environmental condition to continue enjoying its competitive edge. The end product of this internal environmental examination will permit the company to execute its strategic plans which will help it improve its current business environment (Duncan, Ginter & Swayne, 1998). Moreover, an analysis of the internal environment will help the company be ready to handle any unexpected eventuality and future forecast that may the company will be better prepared to adapt to unexpected events and trends that may lead to adjustment of the current business environment. The company will operate at its most efficient level and improve its culture by optimizing the results of the internal environment. The analysis stated below attempt to enumerate the most fundamental internal environmental forces of Lloyd’s Register

**Internal Environmental Factors**

The internal environmental forces can be distinguished based on their general impact on the firm’s strategic choice. They are mostly determined by the firm’s culture and operating rules and procedures. From the analysis of the company’s review for the period ending 2016, several areas of strength and weaknesses manifest itself within the internal environment. The business has a diverse workforce of 8000 skilled employees spread across 78 countries across the world. The company conducts on regular basis an independent advice and audit services in ensuring that appropriate standards, rules and regulations are applied in a professional manner that guarantees its clients to operate safely and provide reliable services. The business offers training services to its customers to enhance their competence. Its pool of engineers comprise of global experts who are at the forefront of industry thinking. The company has diversified its operations in different sectors like marine and offshore, Energy and Management systems and Inspection services which has helped the firm manage its risks as it operates in highly capitalized sectors whose risks are high and diverse. The larger operations have also helped the company to penetrate into new markets thus increasing its global presence (Shoshkin, 2017). The firm has a well supply chain that cuts across different business sectors

Lloyd’s Register is known in the market for its safety culture and expertise in risk management which has helped the company reduce risk cases by 42% in the year 2016. The support and facilities provided to its clients have less risk in comparison to its competitors. The company is a trusted provider of safety assurance in the marine industry and is working to ensure smooth deployment of cyber-enabled ships that will provide the route map that will help secure the ship while on route to its destination (Lloyd’s Register, n.d). This clearly shows how reputable the organization is and therefore indicates the strength of its products brands. The Company is financially strong thus providing it with the necessary incentives to invest in highly capitalized industries with higher risks like the aerospace, marine and energy.

Cost management has become a fundamental area that several firms are attempting to use to ensure its operations are efficient with minimal resource wastages. The use of just-in-time inventory control management is used by Lloyd’s Register to ensure its cash is not locked in non-moving services. This will ensure the firm has enough cash to manage its business operations and provide timely services to its esteemed clients (Lloyd’s Register, n.d).

Some of the weakness that the company still experience is the reliance on the energy and marine construction that has experience regular fluctuations in prices and demand respectively. This saw the business experience a reduction of its turnover by 11% during the fiscal year ending 2016 by 109million pounds to total revenue of $881,000 million. Another weakness that the business is facing is on its current sales and marketing strategies that are largely concentrated in the European and US market, and therefore any significant events such as Brexit and US election affected the revenue of its operations which reduced its operating profit to $53 million during the fiscal year ending 2016

**Most important strength and weakness**

The most noticeable and impactful strength of Lloyd’s Register is its diverse workforce that are experts in their field of profession. This has seen the company work with over 60,000 customers in different sectors that require highly trained personnel like the marine, aerospace, nuclear energy, medical equipment and information technology, government and public sector organizations. These teams are well trained to deliver services that meet the regulatory standards and therefore enhance compliance with safety standards that ensure the risks are lower to its clients. The major weakness that the business will experience is on its current sales and marketing strategies, the business relies heavily on the European and US market and therefore any significant changes in this market adversely affects the financial performance of the business. The exit of Britain from Europe and the US election in 2016 saw a drastic drop in the firm’s operating profit to $53 million while its revenue reduced by $109 to a total of $881,000 million(Lloyd’s Register ,n.d). This clearly indicates how risky the operations of the firm is in comparison to the market reaction

*Most important internal environmental factors in the industry and external analysis in relation to internal analysis*

Lloyd’s Register is generally well-known in the industry for its pool of expertise workforce in safety and risk management. This has placed the firm ahead of the rest of the general market. The business has extensive long outstanding experience in the engineering services, this has seen it recruit and maintain a highly qualified team of experts in this field. Its team has enabled the firm to provide quality and safety certification to the world’s leading facilities and offering hands-on support that drives further improvement towards a safer world (Lloyd’s Register, n.d).

The climatic changes, population growth and urbanization and prosperity are some of the external forces that are exerting pressure on the natural resources and the environment. These dynamics are creating opportunities for the business to provide alternate solutions as Lloyd’s has embraced clean nuclear energy technology that is environmentally friendly.

***Competitor analysis***

Lloyd’s register faces direct competition from FM facilities maintenance who is the world leader in facilities management and maintenance, American Bureau of Shipping, Nippon Kaiji Kyokai, Logistics Maintenance Training Inc. Corrigo, Rockson Engineering, and FL Technics among others. Success in this industry is based on the technical expertise and the financial soundness of the business due to its intensive nature of capital and risks involved. As new entrant’s attempts to enter this market, it is possible for Lloyd’s Register to experience lower profits or reduction in its market share and revenue.

The two most competitors who pause a threat to Lloyd’s Register are the FM Facilities maintenance who is well known in facility maintenance across the globe. The firm has streamlined it's reactive maintenance where all store managers call numbers are directed to one number at its Service Care Center to ease service to the clients in relation to maintenance and repair cases. The firm has a highly experienced workforce in this field. The company is financially sound with reported revenue of $627million during 2016 financial year. The American Bureau of shipping is also a major competitor of the company with key competencies in the field of survey, engineering, auditing and safety and risk consulting. The firm’s workforce comprises of highly skilled manpower who are offering competing services to that of our company. The company has more than 200 offices spread in over seventy countries around the globe.

To ensure that Lloyd’s Register remains competitive and meet the needs of the global market, the company intends to increase its presence from 195 offices spread in 78 countries to ensure its more feasible than its competitors current 200 offices in 70 countries (Lloyd’s, n.d). Continuous employee training on the latest technological development will also see the company improve its services in quality provision.

**Structure of the organization**

The organization structure of Lloyd’s Register relies on the top management team for executing the overall strategic plan. Any loss of a key member of the central management will adversely affect the execution of its strategic goals. For instance, the entrants of new CEO Alastair Marsh in early 2016 and the economic uncertainty brought by the Brexit and US election saw the company performance reduced. Most of its employees are experts in different fields spread across 78 countries to provide services whenever required (Lloyd’s Register. n.d). The firm has a well-managed supply chain to ensure its diversified portfolio of services are accessed by over 60,000 of its clients spread across the world and therefore making it the most preferred provider of marine equipment and services by many organizations.

**Competency position**

Competition in the marine industry is very stiff and therefore different firms are competing to offer services to different clients around the globe. Success in this sector depends largely on the expertise of its workforce, Asset capacity, and its innovativeness. As the competitor attempts to gain more market share, this can lead to lower revenue and profit for Lloyd’s Register.

Currently, Lloyd Register has created a strong recognizable brand as a leader in the marine industry with its latest cyber-security shipment technology that helps to map the route and monitor and control the ship remotely has placed it ahead of the rest (Lloyd’s Register, n.d). As an early entrant into this field with over 250 years of experience, the firm prides itself of always thinking ahead by incorporating new technology in its service provision like a remote audit of facilities during calamities like a natural disaster, war among other events that will render physical audit impossible.

**Conclusion**

The analysis of the internal environment of Lloyd’s Register will help its management establish the strength and capability of its operations and capitalize on it to maintain its competitive edge while attempting to convert its weakness to strength or minimize its impact on its occurrence to ensure the business does not suffer greatly.

REFERENCE

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