Strategic Evaluation: Lloyd’s Register

**Potential business-level strategies for Lloyd’s Register**

 By performing an environmental scan, Lloyd’s register has been able to realize some key business-level strategies that if worked on could yield better results. Business level strategies are commitments and actions that Lloyd’s register can use to gain a competitive advantage over its competitors by exploiting core competencies in the product market. These approaches are concerned with how the product they offer successfully competes in the market. It is aimed at decisions about choice of products, fulfilling customer’s demands, creating competitive advantage and exploiting the available opportunities in the market. It attempts to answer the following questions.

• Who is to be served by the strategy?

• What demands will the strategy fulfill?

• How is the strategy going to fulfill the needs?

Lloyd’s Register has an external environment that comprises of customers, competitors, government, economy, resources and public opinion. According toIf competition is to be considered, Lloyd’s Register faces stiff competition from American Bureau of Shipping and Nippon KaijiKyokai. Regardless of the competition, Lloyd’s Register has been able to enjoy favorable competition, and this has resulted in the firm having a large market share. Key to note is that Lloyd’s Register owns a massive amount of resources including skilled labor and finance.

Customers are the main reason why a business entity is formed. Lloyd’s Register has a vast customer base that is located in 76 different nations where it operates. This broad customer base has resulted in the growth of this firm over time. Subsequently, public opinion has been boosted resulting in brand promotion and good reputation of Lloyd’s Register.

Cost leadership is another business-level strategy that the firm takes advantage. Lloyd’s Register winning strategy is offering their prices with consideration to the economic situation. During the recession, firms break-even by reducing its prices of services. During the boom, firms breakeven by inflating their prices of services. Therefore, price leadership is the key factor that propels Lloyd’s Register competitive advantage.

Complying with laws of the state has been a huge challenge to Lloyd’s Register. Often, they have found themselves on the wrong side of the law and have been penalized for noncompliance with the state rules. To counter this challenge the organization has sensitized its employees on the necessity of adhering to the laid down legalities.

According to Palmer (2017), “Technology in this industry primarily refers to computing and online solutions that enable greater speed and connectivity between branches of a firm and between consultants and their clients. Improving technologies in clients' industries are greatly important to the operations of management consultants.” Technology is the key sector where Lloyd’s Register has been able to lead over their competitors. Lloyd’s Register was the first organization to let its customers access services on an online portal. The organization has been able to push itself ahead of their competitors over a significant period due to its technological capabilities. The organization has invested its resources in research and innovation thus its vast success technologically.

**Potential corporate level strategies**

Corporate level strategies are aimed at answering two questions;

• Where will we play?

• How are we going to win?

Firstly, Lloyd’s Register has been able to use value-creating strategy. This is where the organization seeks to eliminate competition by gaining more market share. Even though the organization faces stiff competition, it has been able to obtain a significant market share. This can be attributed to the organization exploiting economies of scope and therefore resulting in reduced costs and increasing efficiency of their services. The resources that have been pumped into research and innovation have led to the organization understanding consumer needs and subsequently leading to the organization dominating the marine industry (Polezhayeva et al., 2014). So that’s level one.

Concentration strategy is another potential corporate level strategies especially the horizontal growth strategy. This type of strategy is achieved when a firm expands its operations in different geographical locations or increasing product diversification. Currently, Lloyd’s Register has operations in 76 different geographic areas. This has helped the firm enjoy huge profits and a broad base of customers.

An important strategy to note is diversification. A company gets to be diversified if it operates two or more lines of business. This is the same thing going on at Lloyd’s Register; they have shifted to marine services because the world population is using marine services. As a result, the organization has enjoyed tremendous success and is even projected to grow further shortly. Han (2014) claims that despite the recession, Lloyd’s Register still has a significant market share in the sector.

The degree of shift is more of a guiding approach to planning process rather than a traditional type of strategy. Most planning operations are aimed at moving a firm from where it is currently to somewhere different in the future. Lloyd’s Register has been able to scan for their strengths and weaknesses, and all these are done to increase its quality of services and maintain its leadership in the industry.

**Potential global strategies**

Whether to globalize and how to globalize are some of the questions that make managers scratch their heads. Some forces drive companies all over the world to globalize by increasing their operations in foreign markets. Most products in significant world economies say, fast food, fruits, computers, machinery, and clothing, have a foreign competitor. Trading barriers are also being put down, and this is increasing trade.

Lloyd’s Register is not left behind either, its presence in 76 countries is a massive trend in globalization and a very crucial factor in establishing itself as the best in the marine industry. Some changes display a global strategy will be much advantageous as compared to a multi-domestic one (Jeffrey et al., 2016). The organization treats the world market as essentially one market. This has resulted in enormous profits for the company due to the broad base of customers.

The existence of a high number of global competitors is an indication that industry is now ready for globalization. The marine industry has many competitors, and this has enabled Lloyd’s Register to go global and thus enjoying economies of scope, economies of scale and the huge sales associated with globalization.

**Strategies to be implemented**

 There are specific strategies that if adopted to increase the quality of services offered by Lloyd’s Register. Among them is an advancement of skills and technological know-how. The firm should pump more resources into research and innovation. This will put them ahead of their competitors. Technology changes very fast, and it should be the organization’s objective always to be using the latest tech. Also, advancement of technology will increase efficiency in their operations which will, in turn, cut operational costs and increase profitability index.

A combo of horizontal and vertical growth strategies can promote the growth of Lloyd’s Register. Palmer also states that, Strategic alliances with specialist firms in areas such as IT and corporate finance are on the rise. For major industry players, significant changes in technology relate to knowledge, such as the development of strategic and proprietary business theories, models and practices, which clients purchase. The firm should diversify by investing in other key sectors such as automotive, aerospace and mining. By doing so, it will increase the range of products they offer to the market thus improve profitability.

**References**

Bucher, R., Jeffrey, H., Bryden, I. G., & Harrison, G. P. (2016). Creation of investor confidence: The top-level drivers for reaching maturity in marine energy. *Renewable Energy*, *88*, 120-129.

Han, S. J., & Ham, D. H. (2014). Enhancement of Quality Assurance System for Improving the Quality ofSuppliers’ Product. *Journal of the Korea Safety Management and Science*, *16*(3), 351-362.

Palmer, T. (2017). IBISWorld Industry Report L6712-GL. Global Management Consultants. Retrieved Novemeber 6, 2017 from IBISWorld database.

Polezhayeva, H., Howarth, D., Kumar, M., Kang, J. K., Ermolaeva, N., & Lee, J. Y. (2014, August). Effect of ultrasonic peening on fatigue strength of welded marine structures-Lloyd’s Register Research Programme. In *The Twenty-fourth International Ocean and Polar Engineering Conference*. International Society of Offshore and Polar Engineers.