Strategic Plan, Part 2: Internal Environmental Analysis

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Internal environment

Internal environment of an organization is composed of features within the organization, including management, current employees and especially corporate culture, which expresses the behavior of the employees. The most crucial element of an organization is the mission statement. An organization mission statement defines the purpose of the organization and why it exists. It explains the attributes that distinguish an organization from other organization of its type. Sam’s Club has an “Always Low Prices” slogan, and an expected “can do” attitude from employees (Sam's Club - Sam's Club Quick Facts).

When dealing with performance management, Sam’s works to develop a workforce that is both efficient and effective, they evaluate ones’ individual skill set to ensure that they fit with the company’s objectives. After training employees to their appropriate position, Sam’s Club employees must part take in computer base learning (CBLs) before they are able to work on the floor. CBLs are a database of resources, expectations, standards, and support available to the employees in the event that an unexpected event occurs. Employees have annual training on “what to do when” situations, so when they have to deal with these situations in real life they are prepared. This improves performance and knowledge of all employees, thus setting a higher bar for standards.

Strength and Weakness

Sam’s Club is one of the leading brands in the lifestyle and retail sector. Their biggest strength comes from them being a part of Walmart’s network. Walmart is one of the leading retailers in the industry and being a part of their network gives Sam’s the opportunity to benefit from the innovations, brand recognition, capital, and technology advances that Walmart has. Also, Walmart has a large number of outlets in almost every state, supported by a strong distribution network that makes sure that Sam’s Clubs products are available easily to a large number of customers in a timely manner.

  Sam’s second biggest strength is their large product portfolio and the level quality it yields. They provide products in a large range of categories from baby clothing food and diapers to restaurant grade cutting board and knifes, to indoor and out for furniture. They have a number of unique product offerings that are not provided by competitors. And amongst this vast product portfolio they are able to still maintain the quality valued by customers, who find it as good value for the amount of money that they pay.

Although Sam’s Clubs biggest strength its Walmart connection, it is also its biggest weakness. Sam’s Clubs are often built very close to Walmart, giving customers/ members the ability to choose between the two. Many of their potential customers will simply just shop at Walmart for many of the same deals, but without the hassle of paying for a $45 membership (Bryant, S. 2019, September 28).

Sam s Club next weakness is that they have a higher employee turnover rate compared to competitors **(**Bryant, S. 2019, September 28). This means that they have more people leaving the job, in turn causing them to spend more on training and development, due to employees leaving and hiring replacements. The other effects of high turnover are over worked employees, low morale low performance and productivity.

Lastly, Sam’s Club not excepting Visa credit cards due to merchant fees, really should be analyzed. At my current job we get to see reports on cards and it shows us the percentage they were used. Day in and day out, on average 50% of transactions done in my store are made using visa cards. Meaning Visa has an undeniable hold on the market and even though, Sam’s offers their own credit card to members, many people are resistant to opening another credit card just to shop at Sam’s club.

General internal environmental factors

Generally, the most important internal environmental factor is the behavior of the employees and their relationship with the management body. Employee and managers are the core components of a business. Therefore, when there are a good relationship and coordination between them, all the activities run smoothly. On the other hand, if there is a bad relationship between the employees and the managers, all the activities in the organization will be hard to coordinate and manage. It is therefore essential for an organization to ensure the employees have a conducive environment to work and that they are treated right (Hitt, M. A., Ireland, R. D.,).

Competitor analysis.

Sam’s competitors are not only other warehouse stores, but other retailers as well, for instance: Aldi’s, amazon, Macy’s, Target, and even Walmart. There greats competitor is Costco though. Both companies are membership-based warehouse store, with similar business models, created the same year. The biggest difference between the two is: 1. Walmart owns Sam’s Club and Costco is its own independent company and 2. Costco is viewed as a more elite club vs. Sam’s which is more marketed to lower income families (Bryant, S. 2019, September 28).

Structure of the organization.

Each club is divided into 10 department with at least 2 lead supervisors. There are about 5 floor managers who are over the 10 departments and their leads. The size and duties of the depict the amount of lower level employees it has within it. Everyone that work in the club starts off as either a cart person, or a cashier which is the lowest level employee, then they can be promoted. The reason why almost everyone starts in these positions is so in an emergency anyone in the club that is working at any given time can either hoop on the register or push carts. This includes management human resources and the general manager.

The organization structure has great influence on the performance of the organization because it facilitates clear communication channel and proper management ensure all activities are done perfectly and members have the best experience possible. Defiantly better than that of Walmart.

Competitive position.

Technology is Sam’s greatest advantage over its competitors other than price. They make the shopping experience easy and as smooth as possible through their app pre-scanning and their click and pull option. Both of these services create an unmatched competitive advantage. With that being said Sam’s has the ablilty to grow even more with their technology.

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