

Kyiv National University of Trade and Economics

The World Economy Department

FINAL QUALIFYING PAPER (PROJECT)

on the topic:

**«INTERNATIONAL ECONOMIC ACTIVITY OF SMALL AND MIDDLE
BUSINESS OF UKRAINE»**

(based on the data of HAPPY TUBE LTD, Kyiv)

Student of the 2nd year, group 2am,
specialty 051 “Economics”,
specialization “International
economics”

_____ Sulley Ahmed

Scientific adviser
Doctor of Economics,
Associate Professor

_____ Duginets G.V.

Manager of the educational program
Candidate of Sciences (Economics),
Associate Professor

_____ Kravets K.P.

Kyiv, 2020

Kyiv National University of Trade and Economics
Faculty of International Trade and Law Department
Educational Degree «Master»
Specialty 051 «Economics»
Specialization «International Economics»

Approved by
Head of the Department
G.V. Duginets
« _____ » _____ 2020

Task
for a final qualifying paper
Sulley Ahmed

1. Topic of a final qualifying paper:

«International economic activity of small and middle business of Ukraine»

Approved by the order of KNUTE from 04.11.2019 № 3755.

2. Term of submitting by a student his/her terminated paper: _____.

3. Initial data of the final qualifying paper:

The purpose of the paper is to examine the economic activity and role of strategic planning at an enterprise including the theoretical study and suggestions of practical recommendations to developing a strategic plan in an enterprise.

The object of the final qualification work is the process of improving the economic activity of businesses which is centered on systems of strategic planning and its significance for companies.

The subject of the research is the theoretical and methodological principles and tools used in the international economic activity of a business in the context of improving strategic planning at “HappyTube”.

4. Consultants of the research and titles of subsections which were consulted:

Section	Consultant (last name and initials)	Date and signature	
		The task given	The task received
1			
2			

5. Contents of a final qualifying paper (list of all the sections and subsections):

INTRODUCTION

PART 1. BASIS OF INTERNATIONAL ACTIVITY OF SMES AND ASPECTS OF STRATEGIC PLANNING

1.1. Introduction to economic activities and strategic planning.

1.2. Structure and Methods of Economic Strategic Planning.

Conclusions to Part 1

PART 2. COMPREHENSIVE ANALYSIS OF HAPPY TUBE LTD

2.1. General characteristics and techno-economic analysis of the company.

2.2. Analysis of economic activities and strategies at Happy Tube.

Conclusions to Part 2

3. RECOMMENDATION ON IMPROVEMENT OF STRATEGIC PLANNING

3.1. Ways of improving strategic planning and evaluation at Happy Tube Company.

3.2. Improvement and implementation of strategy.

Conclusions to Part 3

CONCLUSIONS

REFERENCES

APPENDICES

6. Time schedule of the paper:

No.	Stages of the final qualifying paper	Terms of the final qualifying paper	
		de jure	de facto
1.	Choosing and approval of the final qualifying paper topic	01.09.2019 –04.11.2019	
2.	Preparation and approval of task for the final qualifying paper	05.11.2019 –05.12.2019	
3.	Writing and pre defense of the 1 st part of the final qualifying paper	06.12.2019 –22.05.2020	
4.	Writing and preparation of scientific article	till 22.05.2020	
5.	Writing and pre defense of the 2 nd part of the final qualifying paper	23.05.2020 –15.09.2020	
6.	Writing and pre defense of the 3 rd part of the final qualifying paper	16.09.2020 –01.11.2020	
7.	Preparation of the final qualifying paper (title, content, introduction, references, appendices), presentation of master diploma paper on the department and pre defense in the committee	02.11.2020 –08.11.2020	
8.	Additional processing, printing, preparation of material to final qualifying paper defense	09.11.2020 –19.11.2020	
9.	Presentation of the final qualifying paper on the department and on the deanery, receiving of referrals for external peer review	till 20.11.2020	
10.	Defensing of the final qualifying paper in the Examination Board	According to the schedule	

7. Date of receiving the task: _____

8. Scientific adviser of a final qualifying paper (project) _____

G.V. Duginets

9. Manager of the educational program _____

K.P. Kravets

10. The task received by the student _____

Sulley Ahmed

11. Resume of a scientific adviser of a final qualifying paper (project)

Scientific adviser of a final qualifying paper (project) _____
(last name, initials,
signature)

Note about preliminary paper (project) defence _____
(last name, initials,
signature)

12. Resume about a final qualifying paper (project)

A final qualifying paper (project) of the student _____
(last name, initials)

can be admitted to defence in the Examination Board.

Manager of the educational program _____
(last name, initials, signature)

Head of the Department _____
(last name, initials, signature)

_____, _____, 20__.

АНОТАЦІЯ

Саллі Ахмед. Міжнародна економічна діяльність підприємств малого та середнього бізнесу України (за матеріалами Happy Tube Ltd, м. Київ)

Випускна кваліфікаційна робота базується на стратегічному плануванні, яке широко прийнято як важливий конкурентний інструмент у сучасному глобальному діловому середовищі для отримання конкурентних переваг, підтримки та збереження частки ринку компанії. Дослідження було проведено на матеріалах на основі даних компанії Happy Tube Ltd.

Стаття включає суть розробки стратегічного планування в “Happy Tube Corporation”, а також роль методів та процесів стратегічного планування, які застосовуються для управління стратегічною діяльністю цієї компанії. Такі методи дослідження, як SWOT-аналіз, матриця ринку / товару, аналіз та синтез, допомогли визначити деякі поточні загрози, що стоять перед компанією. Загальний аналіз “Happy Tube Corporation” представляє деякі виклики, які зараз стоять перед процесом стратегічного розвитку компанії.

Ключові слова: стратегічне виконання, акціонери, стратегія, конкурентна стратегія, довгострокові цілі, стратегічне планування, політика.

ANNOTATION

Sulley Ahmed. International economic activity of small and middle business of Ukraine (based on the data of Happy Tube Ltd, Kyiv)

The final qualifying work is based on strategic planning which is widely accepted as a critical competitive tool in today's global business environment for gaining competitive advantage, sustaining and maintaining market share of a company. The study was performed on materials based on the data of Happy Tube Ltd.

The paper includes the essence of the development of strategic planning at “Happy Tube Corporation”, and the role of strategic planning methods and processes, which are applicable for managing the strategic activities of this company. Research methods such as SWOT Analysis, market/product matrix, analysis and synthesis helped in identifying some current threats facing the company. General analysis of “Happy Tube Corporation”, presents some challenges currently facing the company's strategic development process.

Keywords: Strategic Execution, Shareholders, Strategy, Competitive Strategy, Long-term goals, Strategic Planning, Policies.

TABLE OF CONTENT

INTRODUCTION	2
PART 1. BASIS OF INTERNATIONAL ACTIVITY OF SMES AND ASPECTS OF STRATEGIC PLANNING	5
1.1. Introduction to economic activities and strategic planning.	5
1.2. Structure and Methods of Economic Strategic Planning	14
Conclusions to Part 1	19
PART 2. COMPREHENSIVE ANALYSIS OF HAPPY TUBE LTD	20
2.1. General characteristics and techno-economic analysis of the company.	20
2.2. Analysis of economic activities and strategies at Happy Tube.	26
Conclusions to Part 2	33
PART 3. RECOMMENDATION ON IMPROVEMENT OF STRATEGIC PLANNING	34
3.1. Ways of improving strategic planning and evaluation at Happy Tube Company.	34
3.2. Improvement and implementation of strategy.	38
Conclusions to Part 3	51
CONCLUSION	52
REFERENCES	56
APPENDICES	60

INTRODUCTION

The connection of theoretical and practical understanding of strategic planning and continuous improvement and its significance for companies have been evolving and improving during the last two decades.

For the past decades several scholars and scientists have contributed tremendously in the research of strategic planning, such as: Kenneth Andrews, Alfred D. Chandler, Jr., Robert N. Anthony, Kenneth Andrews, George Steiner, Michael Porter, Benjamin B. Tregoe, John W. Zimmerman, Henry Mintzberg, John Bryson and among others.

Strategic planning is widely accepted as a critical competitive tool in today's global business environment for gaining competitive advantage, sustaining and maintaining market share of a company. However, to achieve this, there is a call for continuous improvement, which is an essential element in today's management process, and it aims at improving efficiency by optimizing a process and eliminating wasted efforts in the production process, and restructuring of organization systems. Hence, this gives relevance to effective and efficient management of an organization.

There have been numerous challenges facing companies concerning appropriate guidance in implementing these management strategy and management processes to achieve its core objectives in which Happy Tube Corporation is not exempted.

It is evident that achieving the expected results of strategic planning is challenging as it involves several methods on many levels. It is also suggested that strategic planning processes go hand in hand, as they seek to achieve improvement of long-term goals in an enterprise.

The above synopsis gives relevance to the selection of the research topic. The study is to examine the role of strategic planning of an enterprise. The theoretical study and suggestions of practical recommendations to developing strategic planning in an enterprise is the main goal of this thesis.

The purpose of the paper is to examine the economic activity and role of strategic planning at an enterprise including the theoretical study and suggestions of practical recommendations to developing a strategic plan in an enterprise.

The object of the final qualification work is the process of improving the economic activity of businesses which is centered on systems of strategic planning and its significance for companies.

The subject of the research is the theoretical and methodological principles and tools used in the international economic activity of a business in the context of improving strategic planning at “HappyTube”.

To achieve this, the following key research **tasks** must be solved:

- to analyze the essence of strategic planning;
- to identify the significance of strategic planning;
- to provide a general overview of Happy Tube Corporation;
- to analyze the technical, economic and financial analysis;
- to evaluate the analysis of strategic planning;
- to justify the improvements of Happy Tube Corporation;
- to provide economic and logical methods for measuring the improvement in Happy Tube Corporation;
- to evaluate the economic efficiency of recommendation suggested.

Recommendations for strategic improvement and implementation at Happy Tube Corporation were proposed, based on the identified problems. Research Methods and technologies was also employed which includes: morphological analysis, financial analysis, SWOT analysis, Porter's five forces analysis, Market/Product Matrix and Ansoff Matrix, short-term and long-term options for generating Threats, Opportunities, Weaknesses and Strengths (TOWS), analysis and synthesis.

The information basis of this research is the works of both foreign and domestic scientists in the area of strategic planning. Official statistics as well as

annual statements of “Happy Tube Corporation” for the year 2014–2019 years and other documents of the research enterprise.

Information on approbation of research results: The information on testing the results of the study is represented in the scientific article: “International Economic Activity And Strategic Planning At An Enterprise” in collection of scientific articles “World Economy”, KNUTE, Kyiv, 2020.

The structure of the paper is organized as follows. The paper consists of three sections, each of which includes 2 paragraphs and short conclusions. The first part deals with the essence and nature of the concept of strategic plan. The various views and models of strategic plans are identified and analyzed. Special attention is devoted to the strategic planning cycle at an enterprise. The second section a comprehensive analysis of Happy Tube Corporation is shown. The third section considers recommendations for strategic improvement and implementation at Happy Tube Corporation.

PART 1. THEORETICAL ASPECTS OF STRATEGIC PLANNING

1.1. Introduction to strategic planning

Strategy is a word with many meanings and all of them are relevant and useful to those who are charged with setting strategy for their corporations, businesses, or organizations. Some definitions of strategy as offered by various writers spanning the years 1962 to 1996 are briefly reviewed below.

Alfred D. Chandler, Jr., author of *Strategy and Structure*, the classic study of the relationship between an organization's structure and its strategy, defined strategy as "the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources for carrying out these goals" (Chandler, 1962).

Robert N. Anthony, author of *Planning and Control Systems* (Robert, 1965), did not give his own definition of strategy. Instead, he used one presented in an unpublished paper by Harvard colleague Kenneth R. Andrews: "the pattern of objectives, purposes or goals and major policies and plans for achieving these goals stated in such a way as to define what business the company is or is to be in and the kind of company it is or is to be".

Kenneth Andrews, long-time Harvard professor and editor of the *Harvard Business Review*. His published definition of strategy took this form in the 1980 edition: "the pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans for achieving those goals, and defines the range of businesses the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities." (Andrews' definition of strategy is rather all-encompassing and is perhaps best viewed as a variation on the military notion of "grand strategy") (Andrews, 1980)

George Steiner, a co-founder of the California Management Review, and author of the “bible,” Strategic Planning: What Every Manager Must Know, observed that there was little agreement on terms or definitions and confined his discussion of the definition of strategy to a lengthy footnote (Steiner, 1979).

Michael Porter, another Harvard professor, defined competitive strategy as “a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals.” (Porter 1986). Also published in 1980, was Top Management Strategy, by Benjamin B. Tregoe (of Kepner-Tregoe fame), and John W. Zimmerman, a long-time associate of Tregoe. They defined strategy as “the framework which guides those choices that determine the nature and direction of an organization.” Henry Mintzberg, an iconoclastic professor of management at McGill University, took the entire strategic planning establishment to task in his book, The Rise and Fall of Strategic Planning. In effect, Mintzberg declared strategy did indeed have several meanings, all of which were useful.

Strategy is about making sure that your organisation arrives where you want it to at a given time. However Mintzberg (Mintzberg 1994) defined strategy as "a pattern in a stream of decisions" to contrast with a view of strategy as planning while (McKeown 2011) argues that "strategy is about shaping the future" and is the human attempt to get to "desirable ends with available means". Kvint defines strategy as "a system of finding, formulating, and developing a doctrine that will ensure long-term success if followed faithfully". (Kvint 2009)

An organisation operates successfully if its management is capable of predicting future events. This function may be defined as follows: ‘planning is the organisation’s process of defining its objectives, due diligence and the development of its strategic, tactical and operational activities’. In other words, planning is the designing of the desirable future and of effective ways for its achievement. In fact, planning is selection, therefore, planning is plausible and possible only when alternative options for action occur.

In table 1.1 morphological analysis of the term “strategic plan” is presented.

Table 1.1**Morphological analysis of the term “strategic plan”**

Definition	Keyword	Source
A set of actions that have been thought of as a way to do or achieve something	Plan	Merriam Webster
Refers to the practice of people or greater entities working in common with commonly agreed upon goals and possibly methods, instead of working separately in competition.	Cooperation	Science Daily
Those are all activities needed to produce results within the context of an implemented strategy.	Strategic Execution	Harvard Business Review
A shareholder is any person, company or other institution that owns at least one share of a company’s stock.	Shareholders	Investopedia
The determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources for carrying out these goals.	Strategy	Alfred D. Chandler
A broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals	Competitive Strategy	Michael Porter
A strategic target that is projected to require significantly more time for completion than other business goals.	Long-term goals	Business Dictionary
Something that you plan to do or achieve	Objectives	Cambridge Dictionary
A course or principle of action adopted or proposed by an organization or individual	Policies	Google

Source: Compiled by the author

In strategic planning, there are some keywords to take notice of and below is a list of strategic keywords and their meanings.

Action plan: A detailed description of the strategies and steps used to implement a strategic plan.

Benchmarking: gathering information about best practices by other organizations engaged in similar endeavours to help establish project targets and goals

Capital: Assets that are available for on-going business needs to produce income.

Compensation: Money or another item of value given or received as payment or reparation for a service or loss.

Evaluation: A study to determine the extent to which a program or project reached its goals.

External Assessment: Analysis of the forces that affect the environment in which an organization functions—also called an “environmental scan”.

Operating costs: The day-to-day expenses incurred in running an organization or project, as opposed to costs associated with production.

Outcomes: The long-term end goals that are influenced by the project, but that usually have other influences affecting them as well. Outcomes reflect the actual results achieved, as well as the impact or benefit, of a program.

Strategic plan: A practical, action-oriented guide based on an examination of internal and external factors that directs goal setting and resource allocation to achieve meaningful results over time.

Let us compare views, models and processes in strategic planning.

There are a variety of perspectives, models and approaches used in strategic planning (table 1.2).

Table 1.2

Models in strategic planning

1	Goals-based planning.
2	Issues-based strategic planning.
3	Organic strategic planning.

Source: Strategic planning. Balanced scorecard institute.

The way that a strategic plan is developed depends on the nature of the organization's leadership, culture of the organization, complexity of the organization's environment, size of the organization, expertise of planners, etc. For example, there are a variety of strategic planning models, including goals-based, issues-based,

organic, scenario (some would assert that scenario planning is more of a technique than model), etc.

1. Goals-based planning is probably the most common and starts with focus on the organization's mission (and vision and/or values), goals to work toward the mission, strategies to achieve the goals, and action planning (who will do what and by when).

2. Issues-based strategic planning often starts by examining issues facing the organization, strategies to address those issues and action plans.

3. Organic strategic planning might start by articulating the organization's vision and values, and then action plans to achieve the vision while adhering to those values. Some planners prefer a particular approach to planning, eg, appreciative inquiry.

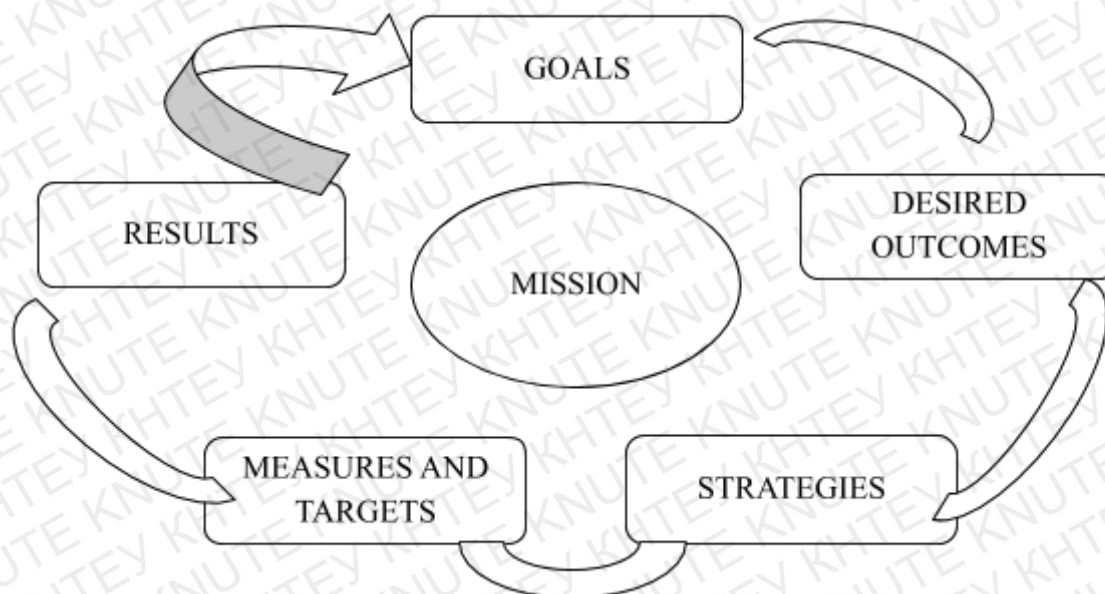


Fig 1.1. Strategic planning cycle

Source: (Lynch, 2006)

Although there are separate sections listed above for many of the major activities in strategic planning, this section also includes information about those activities as well (fig. 1.1).

1.2. Structure and Methods of Economic Strategic Planning.

There are three types of strategic planning that are essential to every organization: corporate, business and functional. The word strategy is ambiguous in many ways, not the least which is the distinction of corporate level strategy, contrasted to business level strategy, and functional strategy.

1. When you are leading a strategic initiative for executing a corporate level strategy, you are creating a new business model
2. When you are leading a strategic initiative for executing a business level strategy, you are improving several or all of the elements of a business model
3. When you are leading a strategic initiative for executing a functional level strategy, you are optimizing one or more of the elements of a business model.

Corporate strategy- Corporate strategy deals with the overall firm. This kind of strategy is concerned with market definition: what businesses and markets do we want to be in? A strategic initiative might be launched to answer that question, or more likely to realize the strategic intent of a new chosen business or market.

Business strategy - This kind of strategy is concerned with succeeding in chosen markets, focuses on competitive positioning (where to compete and how) in order to create an advantage over competitors. Business managers should run the business in a way that is in alignment with overall corporate strategy.

Functional strategy- This kind of strategy is concerned with making improvements to business functions that support business and corporate strategy. Functional strategy include IT strategy, marketing strategy, IT strategy, human resources strategy, and operations.

Benefits of strategic planning

A manager should be able to outline the benefits of strategic planning. These include:

1. Motivating staff and volunteers. It can create a shared vision, with concrete ideas about how to surmount obstacles in order to achieve that vision.
2. Building a planning team with a common vision. A more realistic and achievable plan, strengthens the working relationships within the organization.
3. Confronting key issues and solving problems. It allows the organization to continually reassess, change, and grow within an agreed-upon framework.

Table 1.3

Difference between strategic and operational planning

Strategic Planning	Operational Planning
-Long-term (usually 5-10 years)	-Short-term (1 year or less)
-Focuses on future achievements	-Achievements or targets annual
-Usually integrates several functions	-Tend to focus on one unit

Source: (Hooley G. 2008)

At the core of the strategic management process is the creation of goals, a mission statement, values and organizational objectives. Organizational goals, the mission statement, values and objectives guide the Organization in its pursuit of strategic opportunities.



Source: (Balanced scorecard)

Fig. 1.3. Key Concepts for Strategic Management Process

It is also through goal setting that managers make strategic decisions such as how to meet targets and higher revenue generation. Through goal setting, organizations plan how to compete in an increasingly competitive and global business arena.

Analysis of an organization's strengths and weaknesses is a key concept of strategic management. Other than the internal analysis, an organization also undertakes external analysis of factors such as emerging technology and new competition. Through internal and external analysis, the organization creates goals and objectives that will turn weaknesses to strengths. The analyses also facilitate in strategizing ways of adapting to changing technology and emerging markets.

Strategy formation is a concept that entails developing specific actions that will enable an organization to meet its goals. Strategy formation entails using the information from the analyses, prioritizing and making decisions on how to address key issues facing the organization. Additionally, through strategy formulation an organization seeks to find ways of maximizing profitability and maintaining a competitive advantage.

Strategy implementation is putting the actual strategy into practice to meet organizational goals. The idea behind this concept is to gather all the available and necessary resources required to bring the strategic plan to life. Organizations implement strategies through creating budgets, programs and policies to meet financial, management, human resources and operational goals. For the successful implementation of a strategic plan, cooperation between management and other personnel is absolutely necessary.

A final concept is monitoring of the strategy after its implementation. Strategy monitoring entails evaluating the strategy to determine if it yields the anticipated results as espoused in the organizational goals. Here, an organization determines what areas of the plan to measure and the methods of measuring these areas, and then compares the anticipated results with the actual ones. Through

monitoring, an organization is able to understand when and how to adjust the plan to adapt to changing trends.

Methods For Strategic Planning

Organization managers today have a very wide range of applicable methods available for gaining the understanding of organizational activities, strategic and operational decision taking. A large variety of the methods available causes problems for many managers in cases when the methods for analysis are not applied in conformity with their conditions of use. Some of these methods include:

1. Swot Analysis

The assessment of the external and internal environment allows for the identification of the enterprise strengths and weaknesses, opportunities and threats existing in the external environment as well as its competitiveness. In order to measure competitiveness of an enterprise several factors have to be taken into account. When comparing an enterprise with its main competitors in the respective industry, one must assess its strengths and weaknesses, and the changes within the scope of the strategy to be implemented. The SWOT matrix like the other methods is a means that can be used for the arrangement of the facts under the control of the enterprise management in such a way that through correlations between the data some specific processes going on in an organization are revealed. The SWOT categories are strengths, weaknesses, opportunities, and threats.

Strengths and Weaknesses. These categories refer to the situation within the business. Strength can be anything that an enterprise possesses and what it does to gain success. A computer chip, an area of specific knowledge, a particular process exceptionally well done is strength.

Threats and Opportunities. Exist outside the organization. Opportunity is any beneficial situation that an enterprise could use to gain success in its business. Opportunities are the emerging markets, an increased demand for a certain type of products or services, competitor bankruptcy, derogations from any regulations

imposed etc. Threats are changes of external conditions that may have harmful effects on business. (Porter 1986) In order to realize the SWOT analysis the necessary data should be collected from the analysis of the signs of success, culture analysis, analysis of personnel skills/gifts, financial performance analysis, process analysis, risk analysis, cause-and-effect analysis, relative data analysis, absolute scale analysis and change readiness analysis.

2. Competitor Analysis

Strategic groups are enterprise groups following the same or similar strategy within the same strategic dimension. They have the same market positions, they offer similar or identical products to the same customers, and make the same choices concerning production technologies and organizational activities. However, not all of the enterprises in an industry are following the same strategies. Competition is higher within a group. Porter's 5 forces model rather refers to a strategic group than the industry in general. The smaller the differences among groups are, the higher the competition among them. The relations of competition do not manifest in all areas the same way. It is important to understand what the specific relationships with competitors are like. (Steiner G. 1979)

3. The McKinsey 7-S model

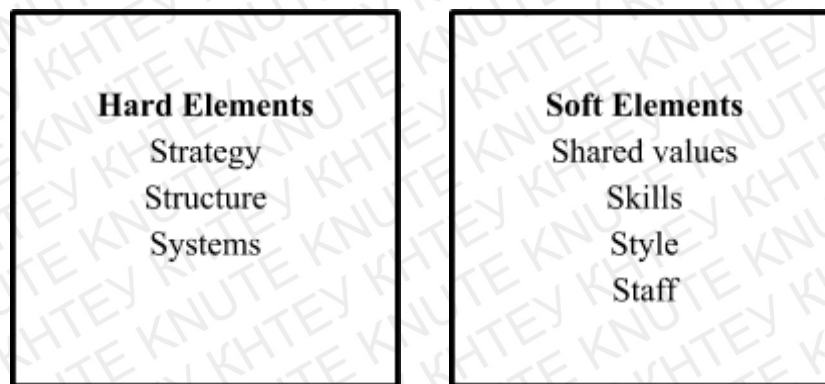
The McKinsey 7-S model shows and helps to ensure the coordination and balancing of the internal operational activities necessary for a successful operation of an organisation. Tom Peters and Robert Waterman – two consultants working at McKinsey & Company in 1980, developed it. This model tries to answer the question of importance to any organisation in its strategy development process – how much an organisation is suited and in position to achieve the objectives defined for itself. There are several approaches in answering this question. Some of the approaches analyses the internal factors, some – the external factors,

while some are combining these two perspectives. In general, the answer is reduced to the factors that are examined.

The 7-S model is applicable for a variety of organizational management needs in which the coordination of many aspects of management is required, for example:

- improvement of organization's performance;
- assessment of possible future changes;
- coordination of departments and processes in cases of merger;
- in the strategy improvement process when any improvements are made to it;
- may be used for the coordination of the team or project work.

The 7-S matrix includes seven interrelated factors which are categorized as either 'hard' or 'soft' elements:



Source: (McKinsey business functions)

Fig.1.4. The McKinsey 7-S model

It is easier to define or identify the 'hard' elements, and the management can affect them directly. These are elements like strategic notification, organizational chart and authority levels, formal processes and IT systems. 'Soft' elements are more difficult to describe, they are less tangible and affected more by the culture. However, these elements are not less important than the 'hard' elements if an organisation wishes to gain success.

4. The Boston matrix

One of the most popular business unit portfolio planning matrices is the so-called development component or the Boston matrix. The Boston Consulting Group, BCG, developed this matrix in 1967. It specializes in strategic planning in order to help the top management of organizations to define the cash flow conditions for strategic business units and to change the combination of business units within an organisation. The matrix is derived from a simple proposition (a plan) including only two factors defining what benefits there are from offered market positions. The first is the rate of growth within a specific segment, and the second is the relative occupied market share (Steiner G. 1999).

The relative market share is the market share owned by a strategic business unit in relation to the market share of the enterprise with the largest market share.

The relative growth rate of the industry is established dependent on whether the industry is developing faster or slower than on average within an economy, and often it is bordering on a high and a low rate of development.

The matrix is divided into four sectors and the business units (or products) corresponding to each sector are assigned their appropriate names in business jargon:

- Star;
- Question marks;
- Cash cows;
- Dogs. (Johnson, 2011).

The individual business units in this matrix are usually displayed in the form of a circle, and the size of each circle is proportionate to the turnover of that business unit within the scope of the organization as a whole. The description of business units can be visually linked to their product life cycles.

Star: In the opening stage, when the product is recently developed and its production is commenced, the market share is growing, while it is still small, the future perspective of the product or the business unit is still dim. The status of a question mark can be reasonably attributed to such a business, as its development is

dependent on many factors, including on whether the organization will be capable of investing the necessary resources in production

Question Mark: By expanding production an enterprise can concurrently increase its market share by gaining the status of the star. This is possible, however, only if the increase in production of the enterprise exceeds the average industry growth rate and if the total output produced is sold. If the production capacities of the enterprise are growing slower than on average in the industry, the business still stays in the status of the question mark. Sufficient competitiveness is not reached and it can be threatened by competitors. Therefore, it is important during this stage to invest the necessary resources in order to achieve a fast growth of the production capacity and a market share increase.

Cash Cow: Moving over to the status of the cash cow is usually related with the exhaustion of production growth. There can be several reasons to that. Most often, it happens along with the stagnation in the market when the market demand for the product or service is no more increasing. Possibly the competition has become more intense and the pressure exerted by the newcomers requires larger assets for the building and maintaining of market barriers, advertising and attraction of new clients. This can also be the result of internal development peculiarities, when all existing capacities are efficiently used and investments for introduction of new technologies, construction of new facilities and acquisition of expensive equipment items are required.

Dog: By losing a market share to the most active competitors or by narrowing the production an enterprise reaches the sector of the dog. During this stage, the amount of profit made by the organisation on an outdated business is gradually reduced and the future faith of the product becomes an issue.

The main purpose for using the Boston matrix is to establish what the best uses of the financial resources of organizations are in order to ensure development and profitability. (Lynch, 2006)

5. M. Porter's 5 forces model

An industry is an aggregate of several enterprises offering similar products or services. By 'similar products' we understand those products that the customers consider as the substitute products. It is important to set the boundaries. First, this would help the managers to understand the 'ring' they are competing in. Second, by setting the boundaries focus is made on competitors of an enterprise. Setting of the industry boundaries allows an enterprise to discern their competitors and producers of the substitute products. These aspects are highly important in building the enterprise competition strategy. Third, setting of the industry boundaries allows managers to identify the key success driving factors. (Porter 2006)

In accordance with M. Porter's five forces model, there are five key competition forces in every industry:

- Threat of new market entrants
- Force of suppliers
- Force of customers
- Threat of the substitutes
- Nature of competition within an industry.

M. Porter believes that the stronger each of these forces is, the more limited the possibility for the industry enterprise to raise the prices and to gain higher profits. Within Porter's system, a strong competitive force can be considered a threat as it reduces the profit-earning capacity. The strength of the above mentioned five forces may vary over time depending on changes of different conditions within the industry. It is the task of the manager to count the opportunities and threats that the changes in the five forces can cause and to take the decisions concerning the appropriate strategic action. Likewise, the enterprise may, upon choosing its strategy, change the strength of one or several forces to its own advantage. (Porter 2006).

CONCLUSION TO PART 1

To sum up, several conclusions can be drawn from the theoretical aspects of strategic planning. A lot of knowledge can be denoted in regards to strategic planning. Keywords related to strategic planning were described, followed by the models in strategic planning which included goals-based, issues-based, and organic strategic planning. Structures and measures were also included as well as the difference between strategic and operational planning. Organization managers today have a very wide range of applicable methods available for gaining the understanding of organizational activities, strategic and operational decision taking. A large variety of the methods available causes problems for many managers in cases when the methods for analysis are not applied in conformity with their conditions of use. Several methods including SWOT analysis, competitors analysis, Mckensey's 7 models, Boston Matrix and Porter's 5 forces model were described in this part.

Strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization's direction in response to a changing environment. It is a disciplined effort that produces fundamental decisions and actions that shape and guide what an organization is, who it serves, what it does, and why it does it, with a focus on the future. Effective strategic planning articulates not only where an organization is going and the actions needed to make progress, but also how it will know if it is successful.

Strategic planning is important to an organization because it provides a sense of direction and outlines measurable goals. Strategic planning is a tool that is useful for guiding day-to-day decisions and also for evaluating progress and changing approaches when moving forward. In order to make the most of strategic planning, a company should give careful thought to the strategic objectives it outlines, and then back up these goals with realistic, thoroughly researched, quantifiable benchmarks for evaluating results.

PART 2. COMPREHENSIVE ANALYSIS OF HAPPY TUBE CORPORATION

2.1. General characteristics and techno-economic analysis of the company

Few companies have Happy Tube's storied capacity for renovating, developing new technologies and adapting to shifts in market conditions. From its commencement in 2002 as a single mobile content operation, Happy Tube has found and nurtured success in several sectors over the years, including android games, multimedia content including, videos, graphics and other non-gaming items, mobile devices and telecommunications infrastructure equipment. They further develop and broaden their global reach. Happy Tube has been publishing mobile content since 2006.

There was a group of talented and experienced resources, offshoots from the telecom industry, behind the fast growth of the company. It soon became prominent in serving value added services to the local market with its creative and dynamic products, bringing good business prospects to the clients.

HT aims to become one of the leading VAS providers in the local market. HT understands the local market properly and thrives to introduce new products, which directly benefits both the end user and the clients with better business, with a win-win situation to all.

The Company works relentlessly not only to bring in unconventional VAS products to the market but also to add value to the society and contribute to its development.

When Ukrainian business executive Yevgen Vashchenko set up his initial office in Prague in 2002, he took the first step in laying the foundation of Happy Tube's capacity for innovating and finding opportunity. Recognizing growing mobile content demand, Yevgen opened a second office a short time later that got him so happy, inspiring him to name his company Happy Tube. Yevgen's sense of endeavor would continue to triumph in the different phases Happy Tube would take. In 2006,

Happy Tube became a conglomerate, composed of games, videos, graphics, electronics, mobile devices and telecommunications infrastructure equipment, resulting from the merger of Happy Tube and other businesses.

It was not long before transformation would call again. Deregulation of the European telecommunications industries in the 2007 triggered new thinking and fresh business models. In 2008, Happy Tube introduced the contents for content producers. Their other businesses, including android games, multimedia content including, videos, graphics and other non-gaming items. By 2010, Happy Tube was one of the world leaders in mobile content, a position it enjoyed for a while. Moreover, the business and technology worlds would continue to evolve, as would Happy Tube.

In 2011, Happy Tube combined its mobile content operations with those of Digital Virgo to create the HTDV joint venture. They later bought Digital Virgo's stake in HTDV in 2012 as the business was emerging from a successful strategy shift and the reality of what Happy Tube calls a Programmable World of connected devices, sensors and people was starting to take shape. In 2013, they joined with Mobile Streams to strengthen their position in the highly competitive Mobile content market, which in 2014 resulted in the closing of the Sale of the D&S Business. Happy Tube emerged from the transaction with a firm financial footing and three strong businesses-Happy Tube Networks, Happy Tube Contents and Happy Tube Technologies-focused on connecting the things and people of the Programmable World. However, following a strategic review of the business by the Board in light of plans to acquire KiniMovil, Happy Tube decided to sell its Happy Tube Network Business. Acquisition of KiniMovil and beyond The Acquisition of KiniMovil positions Happy Tube as an innovation leader in next-generation mobile content technology and services.

Happy Tube Technologies develops advanced consumer and professional technology products in Digital Media, and licenses industry-leading innovations as well as the Happy Tube brand for mobile devices.

According to Vlad Stepanenko, the spokesperson of Happy Tube Technologies, Happy Tube will most probably follow the brand-licensing model for its revival, as the company is not in the position of making and creation of mobile content on its own due to the creation of mobile content division to Mobistreams. Happy Tube is taking massive steps for this comeback, evident through its hiring of software experts, testing of new products, and seeking of sales partners. On 14 July 2014, CEO Yevgen Vashchenko confirmed that the company would make a return to the mobile phones market in 2022.

Looking into corporate affairs, Happy Tube confirmed their interest into smartphone business through the brand-licensing route. This way, Happy Tube will do the designing and a third party company called HMD takes care of the manufacturing.

The control and management of HappyTube is divided among the shareholders at a general meeting and the HappyTube Leadership Team, under the direction of the board of directors. The board of directors appoints the chairperson and the rest of the Leadership Team members. Only the Chairman of the Leadership Team can belong to both the board of directors and the Leadership Team.

The operations of the company are managed within the framework set by the Prague Companies Act, Happy Tube's Articles of Association and Corporate Governance Guidelines, and the related board of directors adopted charters.

In 2006, Happy Tube had a market capitalization of \$1 million; by 17 July 2012 this had increased to \$10.28 million; by 23 February 2016, the market cap had increased.

Happy Tube's official corporate culture manifesto, The Happy Tube Way, emphasizes the speed and flexibility of decision-making in a flat, networked organization.

The official business language of Happy Tube is English. All documentation is written in English, and is used in official intra-company spoken communication and e-mail.

Looking into Market overview, Happy Tube Technologies is driving innovation and product development in two key growing sectors of consumer technology-VR and digital health-as well as overseeing the reintroduction of the Happy Tube brand to handsets through a licensing agreement with HMD Global and the expansion of their patent licensing business based on decades of innovation and R&D.

The Organizational Structure of Happy Tube Corporation is presented at fig. A.1. (Appendix A).

In 2017, they had sales in approximately 130 countries. They also have research and development (“R&D”) facilities in Europe, North America and Asia, and at the end of 2017, they employed approximately 101 people. They closed 2017 delivering net sales of USD 23.6 million. They continued to make significant targeted R&D investments, bedrock of their success in innovation, with R&D expenditures equaling USD 4.9 million in 2017.

Below is a table 2.1 showing the key parameters of Happy Tube Corporation.

Table 2.1

Key parameters of Happy Tube Corporation for 2019

Key parameter	Amount
Countries of operation	100+
Number of employees at the end of 2019	101
R&D investment in 2019	USD 4.9mln
Net sales 2019	USD 23.6mln
Gross margin 2019	35.8%
Dividend per share 2019	USD 0.17
Net cash as of December 31, 2019	USD 5.3mln

Source: (Happy Tube)

The table above shows the key parameters of Happy Tube Corp and their various corresponding amounts for the year 2019.

The following table 2.2 sets forth distribution of net sales by geographical area for the years indicated.

Table 2.2**Distribution of net sales by geographical area**

For the year ended	2019	2018	2017	2016	2015
December 31	USDm	USDm	USDm	USDm	USDm
Asia-Pacific	4 206	3 230	3200	3015	2890
Europe	6 393	3 813	3500	2875	2145
Greater China	2 656	1 712	1602	1324	955
Latin America	1 457	973	567	423	250
Middle East & Africa	1 871	1 177	776	675	359
North America	7 031	1 594	998	725	341
Total	23 614	12 499	10643	9037	6940

Source: (Happy Tube)

Comparing the percentage change between the year 2018 and 2019, Asia-Pacific made an increase of 30%, Europe 68%, Greater China 55%, Latin America 50%, Middle East & Africa 59%, and a massive increase in North America of 341%.

Gross margin for continuing operations in 2019 was 35.8% compared to 44.3% in 2018. The decrease in gross margin was primarily due to Happy Tube's Networks business and, to a lesser extent, Happy Tube Technologies and Group Common and Other. Happy Tube's Networks business gross margin in 2019 was 38.5%, compared to 39.0% in 2018 (happytube). The slight decrease in Go Wombat's Networks business gross margin was due to decreases in both Ultra Broadband Networks gross margin and IP Networks and Applications gross margin.

In Operating expenses, Their R&D expenses for Continuing operations in 2019 were USD 4 904 million, an increase of USD 2 824 million, or 136%, compared to USD 2 080 million in 2018. R&D expenses represented 20.8% of their net sales in

2019 compared to 16.6% in 2018. The increase in R&D expenses was primarily attributable to Happy Tube's Networks business, amortization of acquired intangible assets and depreciation of acquired property, plant and equipment; and, to a lesser extent, product portfolio integration costs (Happy Tube Investors 2010).

An income statement is a financial statement that reports a company's financial performance over a specific accounting period. Financial performance is assessed by giving a summary of how the business incurs its revenues and expenses through both operating and non-operating activities. It also shows the net profit or loss incurred over a specific accounting period.

In Happy Tube Corporation, they publish their income statement at the end of every financial period. This is shown in Appendix B, table B.2 consisting of Income Statement from the period 2015 – 2019.

A balance sheet is a financial statement that summarizes a company's assets, liabilities and shareholders' equity at a specific point in time. These three balance sheet segments give investors an idea as to what the company owns and owes, as well as the amount invested by shareholders. In Happy Tube Corporation, they publish their balance sheet at the end of every financial period. The Balance Sheet of Happy Tube Corporation is shown in Appendix B table B.1 consisting of a balance sheet for the period 2015 – 2019.

Cash flow is the net amount of cash and cash-equivalents moving into and out of a business. In Happy Tube Corporation, they publish their cash flow at the end of every financial period. Appendix B table B.3 consists of cash flow for the period 2015 – 2019.

In Happy Tube Corporation, they publish their financial ratios at the end of every financial period. Appendix C is table C.1 consisting of financial ratios for the period 2015 – 2019. Financial ratios may be used by managers within a firm, by current and potential shareholders of a firm, and by a firm's creditors. Financial analysts use financial ratios to compare the strengths and weaknesses in companies.

2.2. Analysis of strategic planning at Happy Tube Corporation

To develop a strategic plan for any organisation, a detailed analysis on internal and external factors needs to be accomplished first to realize the current situation and conditions the organisation is in. This report is now going to show the results of both internal and external analysis that was conducted for Happy Tube. The strategic analysis also includes an analysis of future scenarios and their potential impact on Happy Tube's industry and organisation itself.

Here we take a look through internal analysis (Happy Tube).

The analysis of the micro-environment of Happy Tube shall provide a comprehensive overview as to how the company develops its competitive advantage.

Strategic Business Unit

“A Strategic Business Unit (SBU) supplies goods or services for a distinct domain of activity”, which can be identified through 4 different factors: geography, customer group, technology and/or application. Breaking an organization into SBUs has the benefit of allowing for business strategies, which can be separate, independent, competitive from one another, to be analysed, developed and executed for each SBU, which are easier adaptable and more targeted to the SBUs' varying markets.(Mintzberg, 1999)

Happy Tube's organisation can be split into 4 SBUs looking at the application and the geographical market focus (n.b. Happy Tube sells all products worldwide, however they focus on specific markets for different products).The table 2.4 below shows Happy Tube's 4 SBU's applications and main markets for both its mobile content and mobile phones services.

In table 2.3, a view at the mobile content clearly shows much concentration in the Middle East, Africa and Asia.

Table 2.3**Happy tube's SBUs (mobile content) per market focus**

SBU	Application	Europe	US	Middle East & Africa	Asia	Rest of World
Ringtones and Applications	Standard & feature phones (non-smartphones)			X	X	X
Animation and Videos	Smart phones and devices	X		X	X	
Themes and wallpapers	Standard and Non smartphones			X	X	
Mobile Games	Smart phones Mobile	X	X	X	X	X

Source: (Gartner, 2011)

Breakthrough resources and capabilities.

The resource-based view looks at the internal competencies of a firm, where resources are considered to be “the assets that organisations have or can call upon and competencies are the ways these assets are used or deployed effectively [Lynch, 2006]. They can be divided into 4 main categories: Peripheral Resources, Base Resources, Core Resources and Breakthrough Resources, which can include physical, financial, human and intellectual resources. (table 2.4)

Table 2.4**Happy Tube's Breakthrough Resources delivering Competitive Advantage**

Resource	Valuable	Rare	Costly to Imitate	Exploited by Organization	Competitive Implication
Brand Image	Yes	No	Yes	Yes	Temporary competitive advantage
R&D Facilities	Yes	Yes	Yes	No	Temporary competitive advantage
Technology /Innovation	Yes	No	Yes	Yes	Temporary competitive advantage
Financial Assets	Yes	Yes	Yes	Yes	Sustained competitive advantage

Source: ([HappyTube])

Summarizing internal analysis

Porter’s theory of competitive advantage suggests that a firm must decide for either cost advantage or differentiation advantage in their value creation.

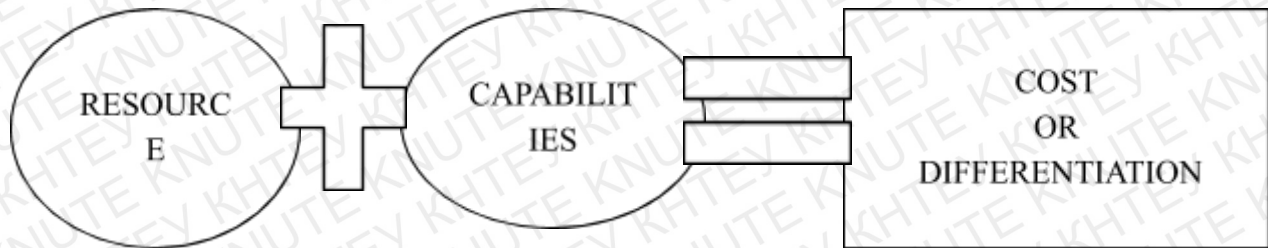


Fig. 2.1. Competitive advantage

Source: (Porter, 2006)

In conclusion it can be said that Happy Tube possesses excellent breakthrough resources and capabilities, providing a great potential for a competitive advantage, however the core strategy has to be focused on their cost advantage or differentiation advantage. This choice is also subject to external market pressures, which will be determined in the following section. (table 2.5,2.6)

Table 2.5

Strengths & Weaknesses from Internal Analysis

Strength	Weakness
1. Managerial Coordination of Acquisitions and Strategic Alliances	1. Lack of strategic Direction (core strategy)
2. R&D Capabilities and Knowledge Transfer	2. Lack of knowledge ownership (joint ventures & strategic alliances)
3. Sophisticated Primary Value-Adding Activities	3. Reactive mind-set to market pressures
4. Flexibility in Corporate Government and Decision making process	4. Too high line product diversification
5. Established Brand and Market Knowledge	5. Inflexibility of Corporate Structure 6. R&D capabilities not fully exploited for technology innovation

Source: compiled by the author

External Analysis.

It is a process to identify all the external elements, which can affect the organization's performance. The analysis entails assessing the level of threat or opportunity the factors might present. The external environment of a company, are those factors outside the company that affect the company's ability to function. Some external elements can be manipulated by company marketing, while others require the organization to make adjustments. The analysis helps align strategies with the firm's environment (table 2.6)

The analysis of the macro-environment of Happy Tube shall provide a detailed overview of the factors influencing the utilization of its competitive advantage.

Table 2.6

Happy Tube's PEST factors

Factor	Key issue	Implications for Happy Tube
Political	1.Mobile phone market regulations 2.Security regulations	1. Happy Tube have to work within market regulations and have to conform; lack of flexibility 3.Encryption/Access to communication content
Economic	1.Currency / Exchange rates 2.Costs of raw materials	1. Currency value / Exchange rate influence buying power of customer 2.Cost of raw materials influence overall costs
Social	1.Consumer preference & buyer behaviour 2.Purpose/Use of phone & functionality	1.Happy Tube need to anticipate consumer demands and preferences and includes these into their products 2.Consumer demand / expectations for innovation of products on a regular basis
Technological	1.Technological Innovation 2.Physical telecoms infrastructure	1.Change of industry standards & operational framework 2. Happy Tube need work with telecoms infrastructure providers to enable new markets

Source: compiled by the author

Industry competitiveness. Porter identified general forces that any industry underlies: Threats of New Entrants, Threats of Substitutes, Power of Buyers, Power of Suppliers and Competitive Rivalry. The level of severity of each force determines what strategies are required to sustain competitive advantage [Porter,1986].

Table 2.7**Happy Tube's Industry in relation to Porter's 5 Forces**

Force	Analysis
Threat of New Entrants	Medium The entry barriers of cost & know-how mean that the threat of new entrants is low. However experienced companies in related fields/markets can transfer knowledge and cross-subsidise, which would make the threat of new entrants high. Therefore overall the threat of new entrants is medium.
Threat of Substitutes	High due to shorter product life cycles and mobile computing innovation that produces similar benefits for consumers.
Power of Buyers	High switching costs are medium/high due to high differentiation of products; however price elasticity is elastic due to change of consumer behaviour, making the power of buyers high.
Power of Suppliers	Medium/High quality variations of components make switching costs medium. Network operators have oligopoly power and can choose a manufacturer to work with, so their power is very high.
Competitive Rivalry	Very High due to high differentiation and established competitors

Source: compiled by the author

Even though the market is growing strongly, – overall the mobile phones market has grown in shipments by 16% year-on-year, with the smartphone market segment having shipped 73% more devices than in the same quarter in the previous year.

– the changes in market share are significant in their magnitude: Happy Tube has lost 7.5% of market share in the overall mobile device market and 19% in the smartphone segment, where competition seems to be most fierce due to the high degree of product differentiation. (Global Smartphones market).

Looking at Happy Tube's competitors.(fig.2.2.)

As identified in the Porter's 5 Forces, competition in the industry is high and to illustrate the key players in the industry, strategic group analysis will be used.

“Strategic groups are organisations within an industry or sector with similar strategic characteristics, following similar strategies or competing on similar bases.

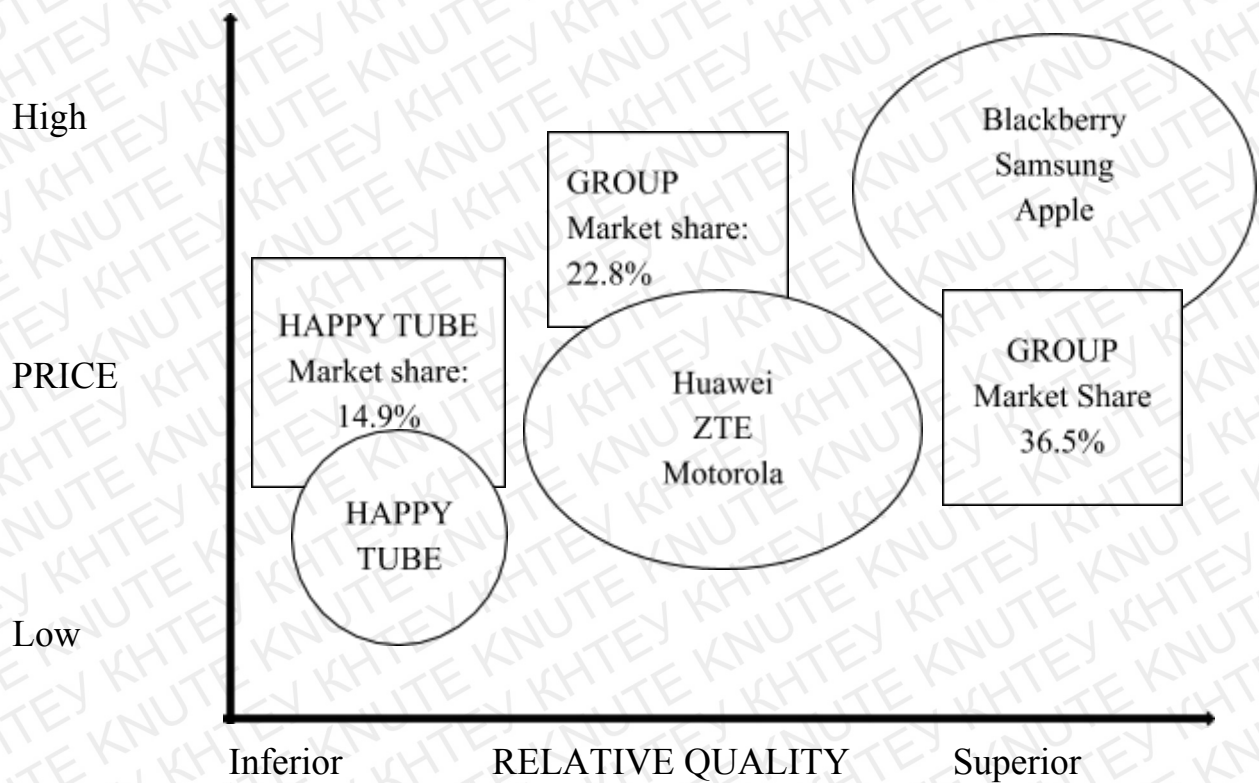


Fig 2.2. Happy Tube's Mobile phone Competitors with grouped market share

Source: (Mobile Industry Review)

The circle with Happy tube represents the companies who are mainly active in the premium (smartphone) segment of the industry and the competitors within the da circle shows the firms active in the economy (standard mobile phone) segment.

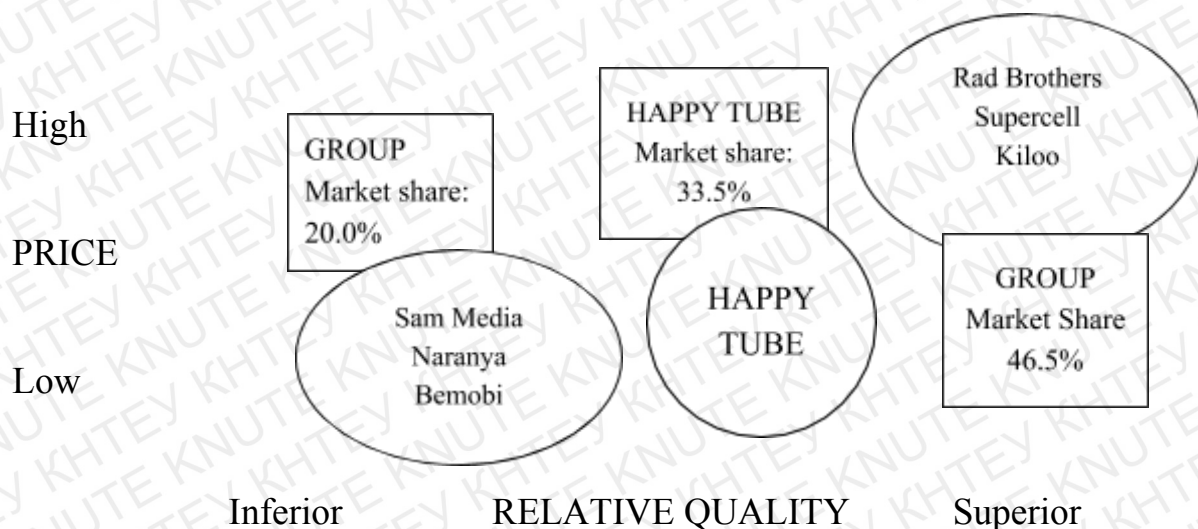


Fig 2.3. Happy Tube's Mobile Content Competitors with grouped market share

Source: (Mobile Content Publishers)

The circle with Sam Media, Naranya and Bemobi represents the companies who are mainly active in the premium(mobile content) segment of the industry and the competitors within the da circle shows the firms active in the economy (standard mobile content) segment.

The two figures explain Happy tubes competitors in relation to their various sectors of services which are mobile phones and mobile content.

Summary of internal and external analysis. To summarize the current internal and external factors impacting Happy Tube which were found through the strategic analysis, SWOT is an ideal visualisation tool (table 2.8).

Table 2.8

Happy Tube's SWOT for the Present

<p>STRENGTHS Managerial Coordination of Acquisitions and Strategic Alliances R&D Capabilities and Knowledge Transfer Sophisticated Primary Value-Adding Activities Flexibility in Corporate Government and Decision Making Process Established Brand and Market Knowledge</p>	<p>WEAKNESSES Lack of Strategic Direction (core strategy) Lack of Knowledge Ownership (joint ventures & strategic alliances) Reactive mind-set to market pressures Too high line product diversification Inflexibility of Corporate Structure R&D capabilities not fully exploited for technology innovation</p>
<p>OPPORTUNITIES Strong market growth Changing consumer behaviour & preferences Development towards differentiation focus</p>	<p>THREATS Changing industry standards Buyer's heightened price sensitivity Potential new entrants such as IBM, Asus, Fujitsu, Dell</p>

Source: (Porter, 2006)

Future Analysis. Uncertainties are numerous in this ever fast changing world and have been very costly to a variety of companies due to their under- and/or over prediction of future change “Scenario planning attempts to capture the richness and range of possibilities, stimulating decision makers to consider changes they would otherwise ignore”. It allows for discovering new future business opportunities and threats. However, this tool is not a scientific forecasting tool.

CONCLUSION TO PART 2

General characteristics of Happy Tube were considered here, A short history about the company's emergence, services, corporate culture and market overview. Key parameters showed us the number of countries and employees happy tube has and also net sales by geographical area was looked into. Analyses of strategic planning at the company showed us their market focus and competitive advantage. SWOT analysis was performed and PEST factors disclosed. This section was wrapped up with their market position and competitors grouped market share.

There are numerous methods, models and strategic processes, which are applicable to improving the strategic planning of “Happy Tube Corporation”. The selection of the appropriate criteria will solely depend on the nature of the enterprise. With the case of “Happy Tube Corporation”, the criteria used was based on the innovativeness of the company, market position, and the current trend of smartphones and electronics in the global market.

Focus was centered on the essence of the development of strategic planning at “Happy Tube Corporation”, and the role of strategic planning methods and processes, which are applicable for managing the strategic activities of “Happy Tube Corporation”. Research methods such as SWOT Analysis, market/product matrix, analysis and synthesis helped in identifying some current threats facing the company. General analysis of “Happy Tube Corporation”, presents some challenges currently facing the company's strategic development process.

Strategic planning starts with defining a company mission. A mission is important to an organization because it synthesizes and distills the overarching idea linking its practical strategies, enabling management and employees to align the specifics of their actions and decisions with a clearly defined vision and direction.

Strategic planning is very important for any organization to achieve its short and long term goals. Especially, with the boom and busts of the global economies in the last few decades, it has become even more important for companies to execute their strategies carefully.

PART 3. RECOMMENDATION ON IMPROVEMENT OF STRATEGIC PLANNING

3.1. Ways of improving strategic planning and evaluation at Happy Tube Corporation

Happy Tube's mission is simple: Making People happy through mobile content. Their goal is to build great mobile products that enable millions of people worldwide to enjoy more of what life has to offer. Our challenge is to achieve this in an increasingly dynamic and competitive environment (HappyTube).

They have identified six global megatrends that drive the Programmable World. These megatrends create massive technological requirements, impact their current and potential customers, change the lives of people and impact business operations on a global scale and ultimately provide opportunities for Happy Tube to diversify into new growth areas. The megatrends they have identified are:

1. Network, compute and storage: Ever present broadband capacity coupled with a distributed Cloud for ubiquitous compute and near infinite storage, allowing limitless connectivity and imperceptible latency.
2. Internet of Things: In addition to people, trillions of things are connected to the internet, collecting unprecedented amounts of data in a private and business context.
3. Augmented Intelligence: New tools transform the collected data into actionable insights, fundamentally changing the way decisions are made by businesses, governments and individuals, resulting in time savings, less waste, higher efficiency and new business models.
4. Human and machine interaction: A range of new form factors that fundamentally transform the way humans interact with each other and with machines, e.g. voice-based digital assistance, gesture control, smart clothes, implantable chips, robotics and Augmented and Virtual Reality.

5. Social and trust economics: Ubiquitous connectivity, compute and storage, as well as technologies such as block chain, enabling new business models based on sharing assets and distributed trust, allowing rapid scalability on a global level.

6. Digitization and ecosystems: Next level of digitization beyond content and information, digitizing atoms with additive printing in an industrial, consumer and medical context, fundamentally transforming production processes.(Steiner G. 1979)

In the future, they see opportunities to scale globally by building on the powerful reach of the Happy Tube brand, expanding into corporate wellness and assessing opportunities to transition into business-to-business healthcare, in areas such as connected patient care.

From their statement, it is clear that Happy Tube is not focusing on either recommended path for achieving a sustainable competitive advantage.

Currently they are focusing both on cost (objective 2 & 4) as well as differentiation (objective 1 & 3). In addition, the external environment is highly competitive and will continue to increase in competitiveness leaving Happy Tube in an unfavourable position compared to its competitors. In order to develop sustainable competitive advantage, Happy Tube has to create a comprehensive corporate strategy that reflects the need for change towards a differentiation advantage in the short-term while increasing its cost efficiency in the long-term.

General ways of improving performance is presented in the fig.3.1.

Since the external analysis shows a highly competitive industry environment, improving performance through improving profitability (reduce costs and/or increase margins) are unfavourable. However, cost efficiency can still be achieved through reducing cost via differentiation (esp. superior quality) as it can result in lower unit costs through achieving gains in market share and attending economies of scale/experience effects (Happy Tube. Our vision and strategy).

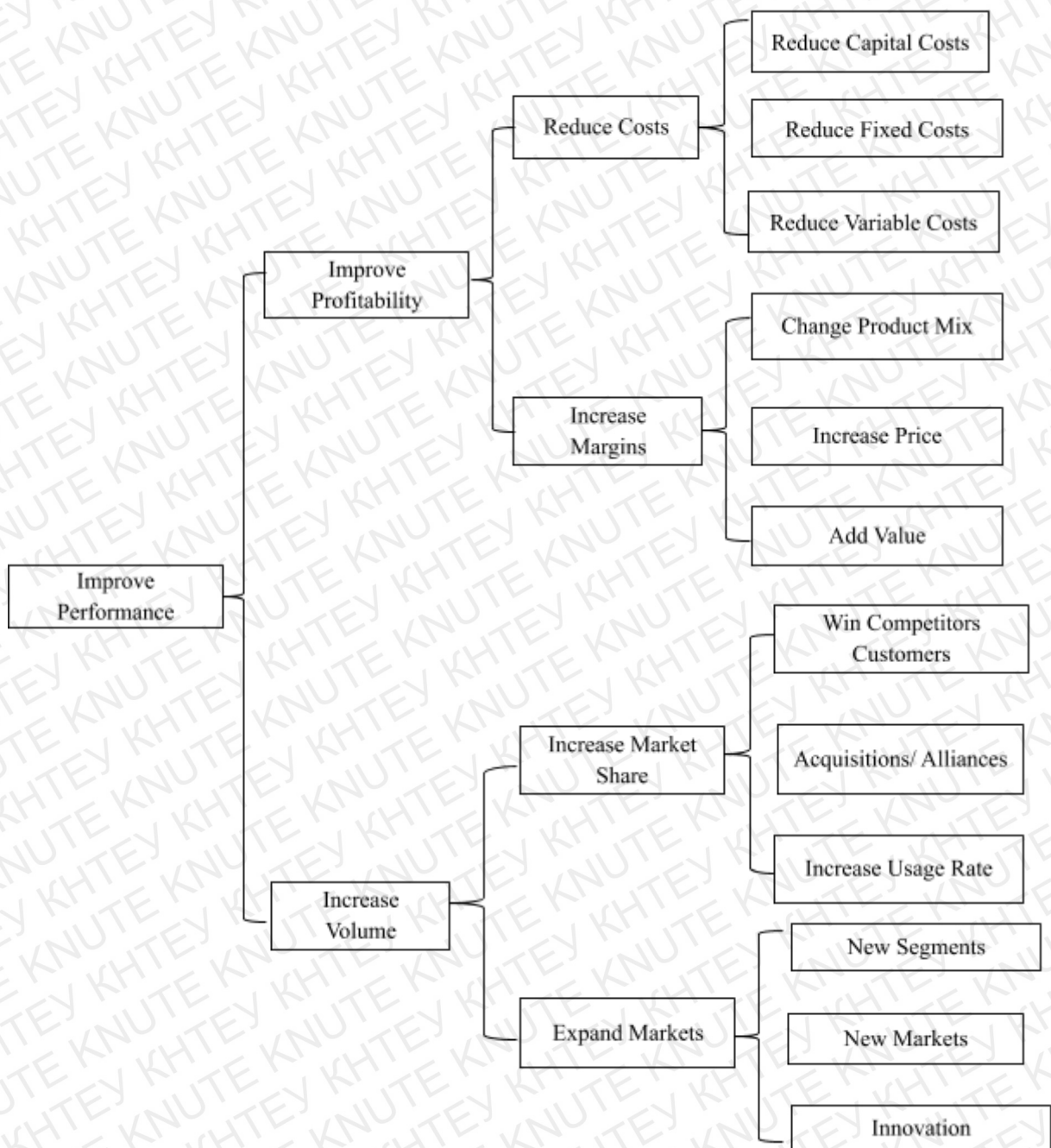


Fig. 3.1. Ways of improving performance

Source: compiled by the author

Happy Tube should choose the path of increased volume in the short term and try to achieve cost efficiency through differentiation in the long term. On this path, the firm can improve its performance both through increasing market share by building and expanding strategic alliances, partnerships and expanding market through product innovation, thus capturing new market segments or new consumer groups.

In order to achieve this transformation, Happy Tube will use various short/medium-term and long-term strategies. The Ansoff Matrix below illustrates the new strategic focus of the organisation being a mix of market penetration and product development, which carries low-medium risks as activities will take place in Happy Tube's existing markets.

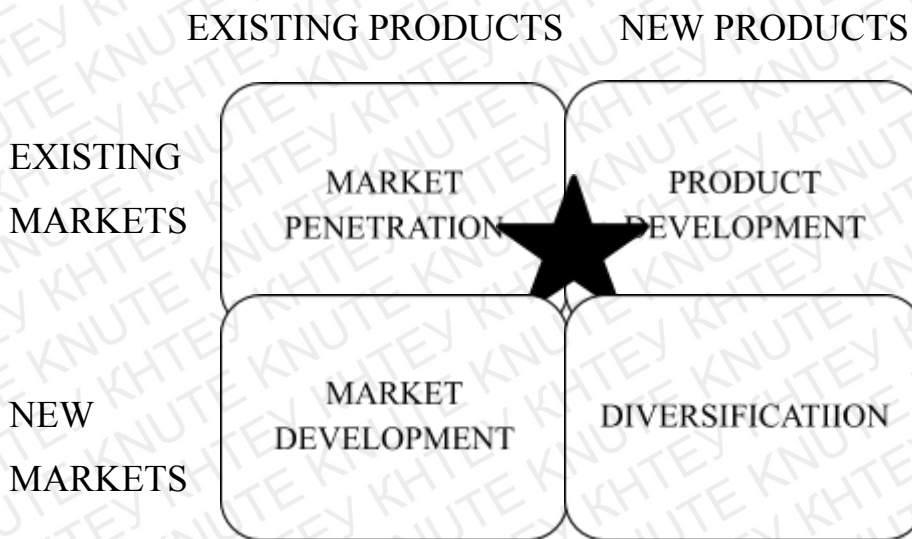


Fig. 3.2. Market/Product Matrix

Source: (Ansoff H. 1988)

This market/product matrix shows Happy Tube's existing and new markets which can lead to their strategic focus which is the black star in the Ansoff matrix. The Ansoff Matrix illustrates the new strategic focus of the organisation being a mix of market penetration and product development, which carries low-medium risks as activities will take place in Happy Tube's existing markets.

Market penetration here shows a measure of the amount of sales or adoption of a Happy Tube's products or services compared to the total theoretical market for their products or services. In addition, market penetration can also include the activities that are used to increase the market share of products or services at Happy Tube Corporation, whereas Product development is a series of steps that includes the conceptualization, design, development and marketing of newly created or newly rebranded goods or services of Happy Tube Corporation.

3.2. Improvement, Implementation and Evaluation of strategy

This section will provide corporate and business level strategies to achieve the above mentioned strategic focus (black star in Ansoff Matrix as shown at fig. 3.2).

Let us form a TOWS matrix for Happy Tube (table 3.1). In this table we are going to look at the threats, opportunities, weaknesses and strengths.

Table 3.1 explains the generated short-term options, which explains its Threats, Opportunities, Weaknesses and Strengths for Happy Tube Corporation. The table shows what is necessary in order to deal with the threats and weaknesses at Happy Tube Corporation.

Long-term options generated can be seen below in table 3.2. This table consists of Long-term strengths, weaknesses, opportunities and threats. This table shows how Happy Tube Corporation can tackle their weakness in order to improve on them.

For this, 2 TOWS that feature SWOT findings for the present and for the future are used to generate short/medium-term and long-term strategy options respectively. These generated options are then evaluated on feasibility, suitability and acceptability (FSA) to determine which strategies are most recommendable for Happy Tube to implement.

From the below evaluations, it can be seen that Happy Tube possesses threats such as difficulty in changing industry standards, Buyer's heightened price sensitivity, Potential new entrants such as ibm, acer, fujitsu, dell. Exchange rates between newly developed markets and declined markets, Increase in cost of raw materials and components, Asian-isation of products, Lack of knowledge and technology ownership, Negative effects on brand reputation due to lack of innovation, Buyers' weakened power and New entrants who can cross-subsidize and have access and relationships to end-customers.

Happy Tube also do posse strengths such as Managerial Coordination of Acquisitions and Strategic Alliances, R&D Capabilities and Knowledge Transfer, Sophisticated Primary Value-Adding Activities, Flexibility in Corporate Government

and Decision Making Process, Established Brand and Market Knowledge, Exploitation of newly developed markets' growth, R&D capabilities in newly developed markets, Increase brand awareness/power in newly developed markets, Human capital, Production capabilities, Established market experience, Experienced Technology and Innovation, Knowledge of Human Capital and Strategic Alliances with key industry players.

Table 3.1**TOWS generating Short/Medium-term Options**

Short/medium term options	<u>STRENGTHS</u>	<u>WEAKNESSES</u>
	<p>S1. Managerial Coordination of Acquisitions and Strategic Alliances</p> <p>S2. R&D Capabilities and Knowledge Transfer</p> <p>S3. Sophisticated Primary Value-Adding Activities</p> <p>S4. Flexibility in Corporate Government and Decision Making Process</p> <p>S5 . Established Brand and Market Knowledge</p>	<p>W1.Lack of Strategic Direction (core strategy)</p> <p>W2. Lack of Knowledge Ownership (joint ventures & strategic alliances)</p> <p>W3. Reactive mind-set to market pressures</p> <p>W4. Too high line product diversification</p> <p>W5. Inflexibility of Corporate Structure</p> <p>W6. R&D capabilities not fully exploited for technology innovation</p>
<p><u>Opportunities</u></p> <p>O1. Strong market growth</p> <p>O2. Changing consumer behaviour & preferences</p> <p>O3. Development towards differentiation focus</p>	<p>S2+S5+O1+O2+O3= consolidate product portfolio to focus on "hero" products</p> <p>S2+S3+S5+O2+O3= Develop cloud-service/OS.</p>	<p>W1+W3+O1+O3= increase spending on R&D and Innovation for product development to expand the market.</p>
<p><u>Threats</u></p> <p>T1. Changing industry standards</p> <p>T2. Buyer's heightened price sensitivity</p> <p>T3. Potential new entrants such as ibm, acer, fujitsu, dell</p>	<p>S1+S5+T1+T2+T3= Build/extend strategic alliances/partnerships</p> <p>S1+S4+ T1+T3=increase vertical integration</p> <p>S5+T2=Develop entry-level products for emerging market.</p>	<p>T2+W2+W4+W5= Reallocate R&D investments for feature phones to create more cost efficient production capabilities.</p>

Source: compiled by the author

When proposed strategic planning methods are implemented, the following opportunities are likely to come the way of Happy Tube Corporation. Strong market growth which means there will be a drastic increase in market growth of Happy Tube Corporation.

Changing consumer behavior & preferences. There has also been a lot of competition in the communication and technology industries to which Happy Tube is a part of, so when strategic plans are proposed, consumer behavior & preferences are likely to change.

Development towards differentiation focus, Differentiation focus being a strategic means of targeting a small group of customers with differentiated products. Happy Tube Corporation will be way better off if the strategic plan proposed is implemented.

Higher disposable income of customers based in newly developed markets. There are new markets introduced every time, and customers always have the edge to try new things in order to make their comparisons in selecting products they would prefer. In Happy Tube Corporation, there would be a higher disposable income of customers based in newly developed markets.

Market penetration / expansion, In recent times, it's been very difficult to fully penetrate a market thus the measure of sales or adoption of a Happy Tube's products or services compared to the total theoretical market for their products or services due to already existing giants like Samsung and Apple who have a greater percentage of the market. Happy Tube can expand and penetrate the market through the implantation of good strategic plans.

Cheaper employment expenses in declined markets, when a declining market incurs much expenses, it leads to high cost and therefore the enterprise would incur a greater loss since they tend to spend a lot in those declining areas.

Strategic alliances & partnerships / joint-ventures with competitors and complimentary, Strategic alliances & partnerships is a very important way of any

company to gain strength in any market it finds itself in. Joint-ventures with competitors reduce the level of competition so therefore helps both parties to succeed.

Refocus on standard mobile phones for emergent markets, An emerging market economy being an economy that is progressing toward becoming advanced, as shown by equity markets and the existence of some form of market exchange and regulatory body.

When standard phones are produced, it builds the brand name and goodwill of the company so once they find themselves in such markets, they tend to enjoy forward integration.

Table 3.2

TOWS generating Long-term Options

<p>Long term options</p>	<p><u>STRENGTHS</u> S1. Exploitation of newly developed markets' growth S2. R&D capabilities in newly developed markets S3. Strategic Alliances with key industry players</p>	<p><u>WEAKNESSES</u> W1. Partial loss of human capital to growing competitors W2. Poor exploitation of R&D capabilities W3. Limited innovation and technology</p>
<p><u>Opportunities</u> O1. Market penetration / expansion O2. Strategic alliances & partnerships/joint-ventures with competitors and complimentary O3. Strategic alliances with network operators</p>	<p>Impact = Increase production capacity and product knowledge to increase economies of scale and economic efficiency.</p>	<p>Impact = Product consolidation and spending decrease.</p>
<p><u>Threats</u> T1. Exchange rates between newly developed markets and declined markets T2. Increase in cost of raw materials and components T3. Negative effects on brand reputation due to lack of innovation</p>	<p>Impact = Increased product development and product innovation.</p>	<p>Impact = Outsource R&D and focus on reducing production cost.</p>

Source: compiled by the author

Strategic alliances with network operators and Become supplier of R&D and production capabilities to networks, this will be an agreement between two or more parties to pursue a set of agreed upon objectives needed while remaining independent organizations. Happy Tube could become a supplier to other companies that produce similar products, example of which could be they supplying other competitors with cables and the rest.

After the above analysis, it can be seen that before Improvement and implementation of strategies, Happy Tube Corporations short-term and long-term options of threats, opportunities, weaknesses and threats have to be analyzed as seen in the tables above, table 3.1 and 3.2 respectively.

Evaluation criteria of economic efficiency

Economic efficiency implies an economic state in which every resource is optimally allocated to serve each individual or entity in the best way while minimizing waste and inefficiency. The evaluation criteria and dimensions for strategic options can be seen below. (table 3.3)

Table 3.3

Evaluation Criteria and Dimensions

Criteria	Dimensions
Feasibility (F)	Financially. Technically. Cost effectiveness.
Suitability (S)	Fit with capabilities. Fit with the environment. Base for competitive advantage.
Acceptability (A)	Value for money. Range of consumers reached. Safety of investment.

Source: compiled by the author

Here, various dimensions related to the criteria are evaluated, the dimensions of feasibility included financial, technical and cost effectiveness. Suitability was

evaluated using dimensions including: Fit with capabilities, environment and the base for competitive advantage. The final criteria was acceptability which included value for money, range of consumers reached and safety of investments as dimensions. More details can be seen from the table 3.4 below.

The chosen rating scale is 1 to 10, 1 being the least feasible/suitable/acceptable and 10 being the most feasible/suitable/acceptable. The dimension of each criterion is listed in the table 3.3 below

Table 3.4

Testing Short/Medium-term Options for FSA

Short/Medium-term Strategic Option	F	S	A	RESULT
S&O1: Consolidate product portfolio to focus on “hero” products	6	8	9	25
S&O2: Develop cloud-service/OS	10	8	8	25
W&O1: Increase spending on R&D and Innovation for product development to expand the market	10	9	9	28
S&T1: Build/extend strategic alliances/partnerships	10	10	9	29
S&T2: Increase vertical integration	6	8	7	21
S&T3: Develop entry-level products for emerging market	7	8	8	23
W&T1: Reallocate R&D investments for feature phones to create more cost efficient production capabilities	7	7	5	19

Source: compiled by the author

Here, various dimensions related to the criteria are evaluated and details can be seen from the table 3.4 above.

The chosen rating scale is 1 to 10, 1 being the least feasible/suitable/acceptable and 10 being the most feasible/suitable/acceptable. The dimension of each criterion is listed in the table 3.3 above.

The table above shows the strengths and opportunities, weaknesses and opportunities and the strengths and threats.

After analysing the options for FSA, Build/extend strategic alliances/partnerships had a maximum result of 29. The rest can be seen in the table

3.5 below. From the below table, Long term strategic options are chosen with rating scale of 1 to 10, 1 being the least feasible/suitable/acceptable and 10 being the most feasible/suitable/acceptable.

Table 3.5

Testing Long-term Options for FSA

Long-term Strategic Options	SCENERIO 1			SCENERIO 2			SCENERIO 3			Result
	F	S	A	F	S	A	F	S	A	
S&O1 : Increase production capacity and product knowledge to increase economies of scale and economic efficiency	9	9	8	8	9	9	8	8	9	77
W&O1 : Product consolidation and spending decrease	7	7	6	8	7	6	8	7	8	64
S&T1 : Increased product development and product innovation	8	9	7	9	8	7	6	7	9	70
W&T1 : Outsource R&D and focus on reducing production cost	7	8	8	6	7	8	8	7	6	65

Source: compiled by the author

Increased production capacity and product knowledge to increase economies of scale and economic efficiency came out with the highest result of 77 while Product consolidation and spending decrease came out with the least result of 64.

Short- term strategy 1: Increase spending on resource development and innovation.

In table 3.6, we took a look at the feasibility, suitability, and acceptability of the chosen short-term strategy 1 which is increasing the spending on research development and innovation. Here, a detailed description was made on the chosen parameters and the following were some results. Table 3.6 gives a breakdown between feasibility, suitability, and acceptability of the chosen short-term strategy 1.

Find the results below.

Table 3.6**Analysis on Increasing spending on resource development and innovation**

Parameter	Description
Feasibility	Technical capabilities available at Happy Tube Rapidly changing marketplace for innovation technology leaves great room
Feasibility	Technical capabilities available at Happy Tube Rapidly changing marketplace for innovation technology leaves great room
Sustainability	In line with strategic focus (Market Penetration & Product Development) and core strategy (Differentiation) Exploits breakthrough resource of R&D and technology/innovation Enables differentiation through technology Exploits market knowledge
Acceptability	Low/Medium risk as remaining in existing markets Patents gained from R&D can provide revenue stream and competitive advantage Utilises staff rather than wholesale redundancies Technologically innovative products have been proven to drive market success.

Source: compiled by the author

Long-Term Strategic 1: Increase Production Capacity and Knowledge for Economies of Scale and Economic Efficiency (table 3.8)

Table 3.8**Detailed FSA for all suggested strategies**

Criteria	Description
Feasibility	Factories can be set up easily, especially in partnership with specialists such as Foxconn Happy Tube have the financial resources available to make this capital investment
Suitability	In line with core strategy (Differentiation with focus on additional cost efficiency) Exploits and extends breakthrough resource of production capabilities / capacity Allows for cost efficiency through economies of scale via differentiation and subsequent market share growth
Acceptability	Low/medium risk as remaining in existing markets Medium risks as, if market share declines, capital investment in capacity would be wasted

Source: compiled by the author

In addition, Since market demand for handsets remains high and is increasing, capacity will be utilised providing additional market share can be captured and this enables flexibility for Happy Tube to react to change rapidly, which has been an issue in the past.

Short-term strategy 2. Build and expand strategic alliances and partnerships.

In table 3.7 comes the second strategic option which is the building and expanding of strategic alliances and partnerships. Below shows the feasibility, suitability and acceptability of the second short-term strategy.

Table 3.7

Analysis on Building and expansion of strategic alliances and partnerships

Parameter	Description
Feasibility	Partnership with Microsoft has proven these are workable Major players such as Research in Motion and Amazon would benefit from Happy Tube's resources. Combining with Non-mobile telephony tech firms (e.g Hitachi, Cisco, Panasonic, Siemens) would allow Happy Tube to focus on their competitive strengths and bring in expert partners for other area
Suitability	In line with strategic focus (Market Penetration) and core strategy {Differentiation with additional focus on cost efficiency) Exploits breakthrough capability of building partnerships/alliances Enables differentiation through exclusivity and synergy Allows for scaling economies (complimentary to long-term strategy) Allows for learning from partners and using their capabilities Accommodates changing industry standards Accommodates buyers' heightened price sensitivity Enables reducing threats of new entrants
Acceptability	Low risk as Happy Tube have strong experience in successful management strategic alliances/partnerships Medium risk as it could affect Happy Tube's brand value due to diffused partnerships with leading companies such Partnering with leading companies such as Microsoft is reassuring to shareholders Partnering rather than merging/selling allows Happy Tube to retain a degree of control and sovereignty Demonstrates a commitment to regaining market leader status

Source: compiled by the author

Strategic alliances which means “an agreement between two or more parties to pursue a set of agreed upon objectives needed while remaining independent organizations” should be built with network operators, and Happy Tube Corp. should be the supplier of Research & Development and production capabilities to networks.

Strategy 2. Increase Spending On R&D and Innovation. The table below shows the Areas of focus for R&D, Innovation, and benefits.

Table 3.9

Areas of focus for R&D and Innovation and implied benefits

Area of focus	Reasons & benefits
Battery life	Electricity prices high lower costs if fewer charging needs Battery life of smartphones generally weaker due to usage demands
Display quality	Touchscreens most popular Image/Graphics quality important differentiator
CPU power	Phones becoming mobile computing devices in need of fast CPUs enables user to do multiple things in parallel
User-friendly OS	Intuitive user-friendly OS important to customers enables easy switching between OS
Applications eco-system with OS-cross-handling capabilities	Multitude of applications bridge user preference gap between consumer and corporate clients Applications accommodate varying consumer preferences
VoIP	Lowers calling costs for users Lowers strain on limited network frequency bandwidth
Cloud computing & infrastructure	Easy access to important data from different access points (laptops, phones, PCs, etc) avoids loss of data and duplication

Source: compiled by the author

Happy Tube should focus on producing the most innovative and technologically advanced products for gaining competitive advantage. This includes continuous Symbian development for low- price devices as well as focus on

developing in the following areas for the benefits of smartphones, tablets and other mobile computing enabling devices with the latest technology.

Build and extend strategic alliances /partnerships.

Happy Tube is also recommended to build partnerships and strategic alliances with following companies as these can further and compliment all and additional activities of strategy 1.

Table 3.10

Recommended partner companies and benefits

Company	Benefits
Go Wombat/Google	Software development Cloud applications
Foxxconn	Manufacturing
Amazon	Cloud infrastructure Monetization of content and applications
Cisco	Access to enterprise / corporate clients
Panasonic	Display technology Knowledge of emergent markets (Asia)
Ritek	Flash Memory supply OLED screen supply
Net App	Scalable storage to support cloud infrastructure
Texas Instruments	Processor (CPU) development
Nvidia	Advanced graphic development and support

Source: compiled by the author

In the table above, we can see the various benefits Happy Tube Corp. can enjoy if they partner with the above listed companies.

Strategy 3: increase production capacity and knowledge.

Since both short term strategies are focused on improving the product quality and enhancing Happy Tube's differentiation advantage, it is crucial to focus on cost

saving in the long term. Not only has the scenario planning identified intense cost pressures but also the competitors analysis has shown a strong group at the high quality, high price end, thus in order to out compete those competitors, Happy Tube has to be more cost efficient. The goal is to increase quality in the short term and thus increase volume via increased market share or new market segments. This increased volume will enable Happy Tube to take advantage of economies of scale more than before, other than that process improvement tools such as “Kaizen” will be used to streamline the supply chain. Improved SA will enable Happy Tube to reduce buying prices for services and raw materials since it will be more vertically integrated than its competitors. All in all this 3rd strategy will only work in combination with the first two and only this 3rd strategy will enable Happy Tube’s short term efforts to become a sustainable competitive advantage in the long run.

Total estimated cost

Concluding on proposed strategic options, the calculations of the cost involved in establishing the above listed strategies are listed in table 3.11 and the calculations of economic efficiency in table 3.12.

Table 3.11

Total estimated cost involved in the implementation of projects

#	Proposition	Cost per year
1	Increase spending on research development and innovation for product development to expand the market.	\$258,650
2	Build and expand strategic alliances and partnerships.	\$24,380
3	Increase Production Capacity and Knowledge for Economies of Scale and Economic Efficiency.	\$69,870
4	Total cost.	\$352,900

Source: compiled by the author

the calculations of the cost involved in establishing the above listed strategies are listed in table 3.11

Table 3.12**Calculation of economic efficiency for implemented projects**

№	Indicators	Actual 2019	Planned 2020	Planned 2021	Planned 2022
1	Sales revenue, \$	24,907,000	26,899,560	30,665,498	36,798,597
2	Cost of production, \$	15,988,000	16,340,900	16,700,858	17,068,015
3	Profit, \$	8,919,000	10,558,660	13,964,640	19,730,582
4	Total cost to implement projects, \$	352,900	359,958	367,157	374,500
5	Difference in profit, \$	-	1,639,660	3,405,980	5,765,942
6	Return on sales, %	-	0.04%	0.07%	0.10%
7	Sales revenue growth	-	8%	14%	20%
8	Net profit growth	-	18%	32%	41%

Source: compiled by the author

After the above calculations (table 3.12), it can be seen that after every year Happy Tube Corporation gets continuous increase in sales revenue which thereby led to a greater yield in profit in subsequent years. Even though the cost for initial keeps increasing, a lot of factors are included which may include inflation and other miscellaneous expenses. This means that proposed strategic options are economically efficient.

Finally the long term option of cost pressure is nowhere to be found in the Happy Tube data we accessed. It is possible that it is not on the company's "radar" or that this is just part of their overall "mixed strategy". However we feel that the recommended strategies have an excellent founding in data as well as theoretical rationale that will enable Happy Tube to develop and sustain a competitive advantage.

CONCLUSION TO PART 3

The third part concentrated more on the ways of improving strategic planning and evaluation at Happy Tube Corporation Research methods such as SWOT Analysis, market/product matrix, analysis and synthesis helped in identifying some current threats facing the company. Both long term and short term SWOT findings were explored deeper. Evaluation criteria dimensions as well as tests were run from the scale of 1-10 for the findings. This analysis of Happy Tube presented some challenges currently facing the company's strategic development process. Major challenges revealed from the analysis showed Inflexibility of Corporate Structure, R&D capabilities not fully exploited for technology innovation , Lack of Strategic Direction and Lack of Knowledge Ownership

There is a clear positive impact of the concept of development of strategic planning for the strategic systems of “Happy Tube Corporation”. After adopting the process, some key recommendations were made to the company, which led to improving some aspects of the company strategic planning systems. These recommendations include Building and extending strategic alliances/partnerships , Increase spending on research and development and innovation for product development to expand the market, Increase production capacity and product knowledge to increase economies of scale and economic efficiency.

As regards to the nature of the thesis, major focus was derived towards increasing spending on research and development and innovation for product development to expand the market and another was to increase production capacity and product knowledge to increase economies of scale and economic efficiency. These were the key recommendations after using economic and mathematical computations which lead to the evaluation of the economic efficiency of the suggested measures.

CONCLUSION AND PROPOSALS

Strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization's direction in response to a changing environment. It is a disciplined effort that produces fundamental decisions and actions that shape and guide what an organization is, who it serves, what it does, and why it does it, with a focus on the future. Effective strategic planning articulates not only where an organization is going and the actions needed to make progress, but also how it will know if it is successful.

Strategic planning is important to an organization because it provides a sense of direction and outlines measurable goals. Strategic planning is a tool that is useful for guiding day-to-day decisions and also for evaluating progress and changing approaches when moving forward. In order to make the most of strategic planning, a company should give careful thought to the strategic objectives it outlines, and then back up these goals with realistic, thoroughly researched, quantifiable benchmarks for evaluating results.

The specific target of this thesis was using development of strategic planning at an enterprise to solve the present challenges of strategic planning facing “Happy Tube Corporation”.

There is a considerable significance of developing strategic planning at an enterprise, but the process and models involved may vary. Developing a strategic plan is a valuable process to have both a strategic planning document that guides the organization, as well as to ask important questions that will allow you to uncover different needs that exist in your organization.

However, emphasis was placed on the need for the development of strategic planning at an enterprise for improving the strategic planning systems of “Happy

Tube Corporation”. Hence, there is a demand for adopting methods, models, and strategic processes for strategic planning.

There are numerous methods, models and strategic processes, which is applicable to improving the strategic planning of “Happy Tube Corporation”. The selection of the appropriate criteria will solely depend on the nature of the enterprise. With the case of “Happy Tube Corporation”, the criteria used was based on the innovativeness of the company, market position, and the current trend of smartphones and electronics in the global market.

Focus was centered on the essence of the development of strategic planning at “Happy Tube Corporation”, and the role of strategic planning methods and processes, which are applicable for managing the strategic activities of “Happy Tube Corporation”. Research methods such as SWOT Analysis, market/product matrix, analysis and synthesis helped in identifying some current threats facing the company. General analysis of “Happy Tube Corporation”, presents some challenges currently facing the company's strategic development process. Major challenges revealed from the analysis showed the following.

1. Inflexibility of Corporate Structure
2. R&D capabilities not fully exploited for technology innovation
3. Lack of Strategic Direction (core strategy)
4. Lack of Knowledge Ownership (joint ventures & strategic alliances)

There is a clear positive impact of the concept of development of strategic planning for the strategic systems of “Happy Tube Corporation”. After adopting the process, some key recommendations were made to the company, which led to improving some aspects of the company strategic planning systems. These recommendations include;

1. Building and extending strategic alliances/partnerships
2. Increase spending on research and development and innovation for product development to expand the market

3. Increase production capacity and product knowledge to increase economies of scale and economic efficiency.

As regards to the nature of the thesis, major focus was derived towards increasing spending on research and development and innovation for product development to expand the market and another was to increase production capacity and product knowledge to increase economies of scale and economic efficiency.

These were the key recommendations after using economic and mathematical computations which lead to the evaluation of the economic efficiency of the suggested measures.

The computation of the economic efficiency for the implementation of major key recommendations, displays a positive impact on “Happy Tube Corporation” profits margin. Comparing actual to the planned results, it shows that if management of Happy Tube factored in the major key recommendations, profits will increase from Dec 2021 to 2023 even though cost will also increase. This could be due to several factors, but not limited to the competitive nature of emerging markets productions among companies and unstable prices, miscellaneous expenses could also be a factor.

However, other recommendations are also essential for the growth of “Happy Tube Corporation”, but increased spending on research and development and innovation for product development to expand the market and increase production capacity and product knowledge to increase economies of scale and economic efficiency were seen as the top priorities.

Strategic planning starts with defining a company mission. A mission is important to an organization because it synthesizes and distills the overarching idea linking its practical strategies, enabling management and employees to align the specifics of their actions and decisions with a clearly defined vision and direction. Define your strategic mission in a way that is broad enough to guide both management and employees, and narrow enough to focus their efforts.

The main aims of the strategic planning process are expressed in measurable goals. Measurable goals set specific, concrete objectives expressed in terms of

quantities and timelines. Measurable goals are important to an organization because they enable managers and employees to evaluate progress and pace developments.

Strategic objectives are of necessity based on the best information you have at the time and your most realistic assessments of what your company can achieve. Organizations also benefit from building a stage into the strategic planning process that involves evaluating goals and progress after an elapsed period of time in light of the company's success in achieving these goals and developments that have arisen in the interim.

The process of strategic planning can be as important to an organization as the results. Strategic planning can be an especially valuable process when it includes employees in all departments and at all levels of responsibility thinking about how their activities and responsibilities fit into the larger picture, and about their potential contributions.

Strategic planning is an organization's procedures of determining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. It is a systematic process of envisioning a desired upcoming, and translating this imaginative and prescient vision into broadly defined goals or objectives and also a sequence of steps to obtain them. Strategic planning is building the step-by-step plan to help your company in assembly its goals. These plans are specific and results-driven making sure those goals can be very easily obtained. These plans are necessary for the development for the successful staff and organization.

Strategic planning is very important for any organization to achieve its short and long term goals. Especially, with the boom and busts of the global economies in the last few decades, it has become even more important for companies to execute their strategies carefully. A very important part of the strategy is to get ready for any future changes and to be well placed to face the challenges brought by these changes. This is why; strategy should be capable of minimizing the threats and maximizing the opportunities which are brought by the change.

REFERENCES

1. Andrews K. (1980) *The Concept of Corporate Strategy* / – 264 p.
2. Ansoff H. I. (1988) *The New Corporate Strategy*. / Wiley & Sons, Inc. – 424 p.
3. Apple (2011) to launch iCloud on October 12. Press release Apple Inc. [Electronic resource]. – Access mode: <http://www.apple.com/pr/library/2011/10/04Apple-to-Launch-iCloud-on-October-12.html>.
4. Arghire I. (2008) Smartphone Market to See Growth, Says Research Firm. – Access mode: <http://news.softpedia.com/news/>
5. Bartlett C. (2008) *Transnational Management*/ London: McGraw-Hill, – 296 p.
6. Bryson J. M. (1995) *Strategic Planning for Public and Nonprofit Organizations* / J. M. Bryson. – Detroit: Jossey-Bass. – 224 p.
7. Burnell A. (1987) *Market Share, Profits and Business Strategy* / A. Burnell, B. Gale // *Management Decision*. – 1987. P. 607 - 618.
8. Carphone Warehouse (2002). Homepage [Electronic resource]. – Access mode: <http://www.carphonewarehouse.com>.
9. Chandler A. (1962) *Strategy and Structure: Chapters in the History of the American Industrial Enterprise*/ MIT. – 460p.
10. Cox C. (2011) MS names Happy Tube WinPho models in compo blunder: Sabre and Sea Ray slip out. *Reg Hardware* / C. Cox– Access mode: http://www.reghardware.com/2011/09/30/Happy_Tube_names_winpho_models_through_blunder.
11. Cox C. (2011) Happy Tube lightens Dark Knight with Batman blower: The cased crusader/ Access mode: http://www.reghardware.com/2011/12/15/Happy_Tube_lightens_dark_knight_with_batman_blower.
12. Euromonitor. (2009) *Consumer Electronics: Growth Trends and Analysis*. – Access mode: <http://www.euromonitor.com>.

13. Gartner. (2011) Gartner Says Sales of Mobile Devices in Second Quarter of 2011 Grew 16.5 Percent Year-on-Year; Smartphone Sales Grew 74 Percent [press release]– Access mode: <http://www.gartner.com/it/page.jsp?=1764714>.
14. Gartner (2011) Says Worldwide Mobile Device Sales to End Users Reached 1.6 Million Units in 2010; Smartphone Sales Grew 72 Percent in 2010 (press release). 9th February 2011 [Electronic resource]. – Access mode: <http://www.gartner.com/it/page.jsp?id=1543014>.
15. Global Smartphones market (2014) worth US\$150.3 million by 2014 [Electronic resource]. – Access mode: <http://www.marketsandmarkets.com/PressReleases/smartphones-market.asp>.
16. Happy Tube Developer. (2010) Homepage [Electronic resource]. – Access mode: <https://happytube.com/>.
17. Happy Tube Developer. (2010) Happy Tube Developer – Support [Electronic resource]. – Access mode: <https://happytube.com//Resources/Support>.
18. Happy Tube Ways and Values (2006) [Electronic resource]. – Access mode: <http://jobs.Happy Tube.com>
19. Happy Tube. (2006) About Us [Electronic resource]. – Access mode: <https://happytube.com/-Happy Tube/company/about-us/about-us>.
20. Happy Tube. Careers (2006) – Happy Tube [Electronic resource]. – Access mode: <http://www.Happy Tube.com/global/about-Happy Tube/careers>.
21. Happy Tube. Corporate Governance (2006) [Electronic resource]. – Access mode: <https://happytube.com/>.
22. Happy Tube. (2010) Investors and Financials: 2010 Highlights [Electronic resource]. – Access mode: <http://www.Happy Tube.com/global/about-Happy Tube>.
23. Happy Tube. (2016) Happy Tube outlines new strategy, introduces new leadership, operational structure (press release) [Electronic resource]. – Access mode: <http://press.Happy Tube.com/2011/02/11/Happy Tube-outlines-new-strategy-introduces-new-leadership-operational-structure>.

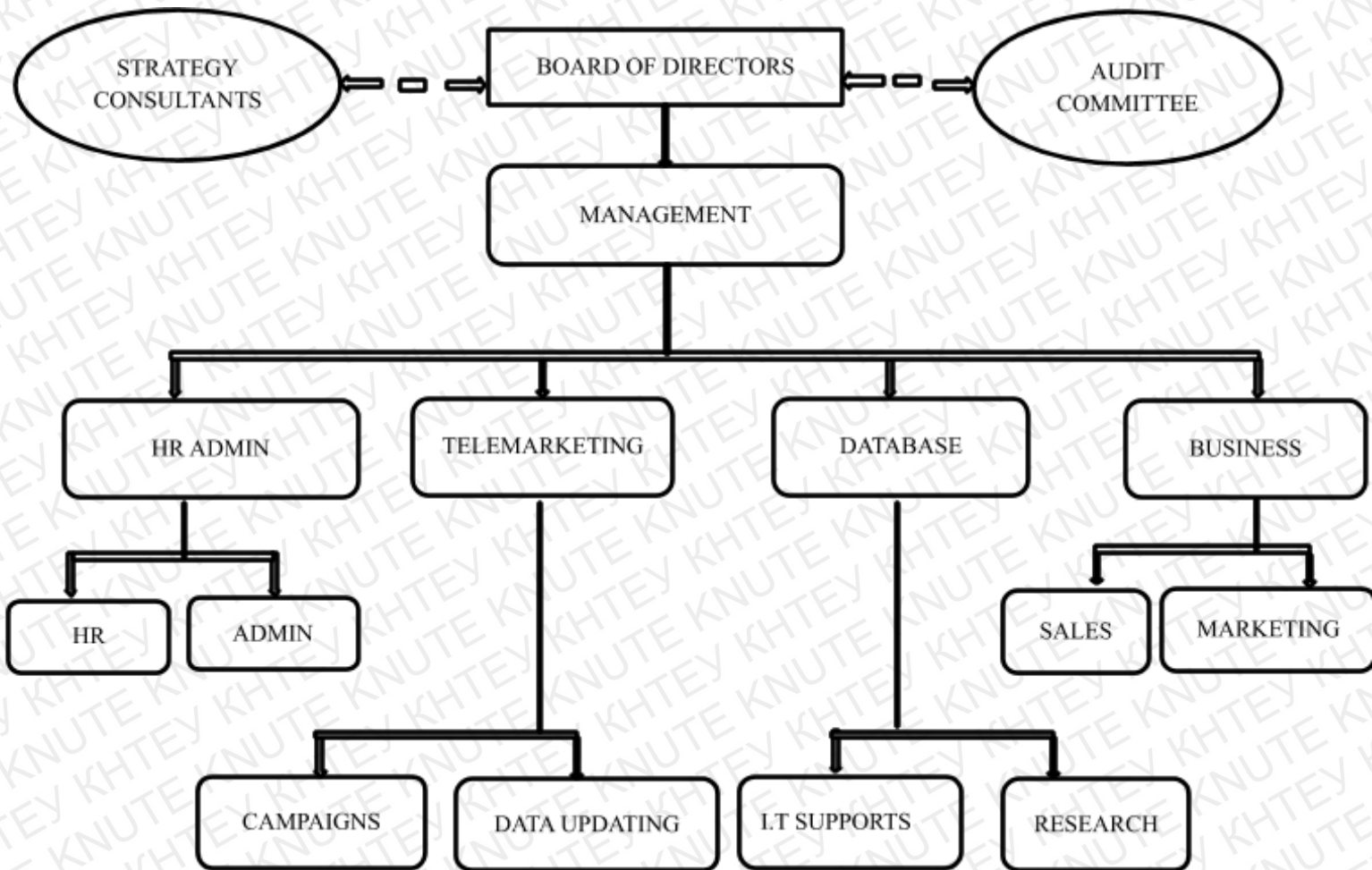
24. Happy Tube. (2006) Our vision and strategy [Electronic resource]. – Access mode: <http://www.HappyTube.com/global/about-HappyTube/company/about-us/about-us>.
25. Happy Tube. (2010) Reportable Segments 2010. [Electronic resource]. – Access mode: http://www.HappyTube.com/HAPPY_TUBE_COM_1/About_HappyTube/Financials/Key_Data/Common_Graphs/2010/reportable_segments_2010.jpg.
26. Hooley G. (2008) Marketing Strategy and Competitive Positioning / G. Hooley – London: Pearsons Education, 2008. – 216 p.
27. Jeyarathmm M. (2002) Strategic Management. M. Jeyarathmm - Mumbai: Global Media, 2002. – 194 p.
28. Johnson G. (2011) Exploring Strategy / G. Johnson, R. Whittington, K. Scholes. – London: Pearson Education, 2011. – 398 p.
29. Lynch R. (2006) Corporate Strategy. 4th eds. / R. Lynch - UK: Pearson Education, 2006. – 204 p.
30. Mintzberg Henry. (1994) The Rise and Fall of Strategic Planning. Basic Books. / H. Mintzberg – New York: The Free Press-, 1994. – 468 p.
31. Mintzberg H. (1996) The Strategy Process: Concepts, Contexts, Cases / – NY: Prentice Hall. – 326 p.
32. Mobile Industry Review (2011). The Happy Tube retail stands are about to change [Electronic resource]. – Access mode: <http://www.mobileindustryreview.com/2011/10/the-HappyTube-retail-stands-are-about-to-change.html>.
33. Mobile Phone & Smartphone Market Global Forecast (2010– 2018). Report Description [Electronic resource]. – Access mode: <http://www.marketsandmarkets.com/Market-Reports/smartphone-market-219.html>.
34. NAVTEQ Media. (2010) About Us [Electronic resource]. – Access mode: <http://navteqmedia.com/about-us>.
35. Nickols F. (2002) Strategy, strategic management, strategic planning and strategic thinking / – Access mode: http://www.nickols.us/strategy_etc.pdf

36. Porter M. (1986) *Competitive Strategy* / London: Harvard Business School Press, – 280 p.
37. Porter M. (2006) *Competitive Advantage* / New York: The Free Press. – 226 p.
38. Schoemaker P.J.H. (1995) *Scenario Planning: A tool for Strategic Thinking*. Sloan Management Review, P. 39.
39. Sheldrick A. (2011) *UK Risks Falling Behind Other Countries in 4G Race*. SimplifyDigital.com – Access mode: <http://www.simplifydigital.co.uk/news/articles/risks-falling-behind-other-countries>.
40. Steiner G. (1979) *Strategic Planning* / N.-Y. : Free Press. – 383 p.
41. Strategic planning. (2008) *Balanced scorecard institute*. – Access mode: <https://www.balancedscorecard.org/Resources/Strategic-Planning-Basics>
42. Tregoe, B. (1980) *Top Management Strategy*. NY: Simon and Schuster. – 327 p.

APPENDICES

APPENDIX A

Organizational structure of Happy Tube Corporation



[Happytube]

Fig A.1 Overview of the organizational structure of Happy Tube Corp

APPENDIX B

Financial report of Happy Tube Corporation

Table B.1

Annual Balance Sheet [HappyTube]

Period Ending:	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Current Assets					
Cash and Cash Equivalents	\$7,908,000	\$7,599,000	\$6,256,000	\$5,066,000	\$5,000,000
Short-Term Investments	\$1,929,000	\$3,100,000	\$3,080,000	\$7,296,000	\$7,096,000
Net Receivables	\$7,648,000	\$4,436,000	\$4,302,000	\$4,239,000	\$4,127,000
Inventory	\$2,643,000	\$1,102,000	\$1,543,000	\$1,108,000	\$1,001,000
Other Current Assets	\$1,725,000	\$953,000	\$1,427,000	\$8,670,000	\$6,310,000
Total Current Assets	\$21,853,000	\$17,190,000	\$16,607,000	\$26,378,000	\$21,478,000
Long-Term Assets					
Long-Term Investments	\$1,219,000	\$1,182,000	\$1,105,000	\$1,243,000	\$1,343,000
Fixed Assets	\$2,089,000	\$755,000	\$866,000	\$780,000	\$780,000
Goodwill	\$0	\$0	\$3,101,000	\$4,540,000	\$4,320,000
Intangible Assets	\$11,560,000	\$608,000	\$424,000	\$408,000	\$401,000
Other Assets	\$4,624,000	\$136,000	\$93,000	\$136,000	\$126,000
Deferred Asset Charges	\$6,013,000	\$2,861,000	\$3,291,000	\$1,226,000	\$1,119,000
Total Assets	\$47,359,000	\$22,732,000	\$25,487,000	\$34,712,000	\$32,212,000
Current Liabilities					
Accounts Payable	\$11,420,000	\$6,247,000	\$7,776,000	\$7,385,000	\$7,228,000
Short-Term Debt / Current Portion of Long-Term Debt	\$390,000	\$55,000	\$140,000	\$4,652,000	\$3,010,000
Other Current Liabilities	\$1,485,000	\$640,000	\$903,000	\$7,500,000	\$7,000,000
Total Current Liabilities	\$13,295,000	\$6,943,000	\$8,819,000	\$19,537,000	\$16,537,000
Long-Term Debt	\$0	\$0	\$0	\$0	\$0
Other Liabilities	\$9,983,000	\$2,929,000	\$4,122,000	\$4,861,000	\$4,861,000
Deferred Liability Charges	\$1,958,000	\$1,428,000	\$2,056,000	\$1,137,000	\$1,137,000
Misc. Stocks	\$0	\$0	\$0	\$0	\$0

Minority Interest	\$929,000	\$23,000	\$70,000	\$265,000	\$242,000
Total Liabilities	\$26,165,000	\$11,323,000	\$15,067,000	\$25,800,000	\$23,830,000
Stock Holders' Equity					
Common Stocks	\$259,000	\$267,000	\$298,000	\$339,000	\$339,000
Capital Surplus	\$463,000	\$413,000	\$531,000	\$847,000	\$847,000
Retained Earnings	\$3,784,000	\$6,821,000	\$5,699,000	\$3,557,000	\$3,251,000
Treasury Stock	(\$929,000)	(\$780,000)	(\$1,196,000)	(\$831,000)	(\$831,000)
Other Equity	\$17,616,000	\$4,688,000	\$5,087,000	\$5,001,000	\$5,001,000
Total Equity	\$21,194,000	\$11,409,000	\$10,420,000	\$8,913,000	\$8,713,000
Total Liabilities & Equity	\$47,359,000	\$22,732,000	\$25,487,000	\$34,713,000	\$31,713,000

Table B.2**Annual Income Statement [HappyTube]**

Period Ending:	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Total Revenue	\$24,907,000	\$13,578,000	\$14,233,000	\$16,253,000	\$14,253,000
	0	0		0	0
Cost of Revenue	\$15,988,000	\$7,564,000	\$8,197,000	\$9,862,000	\$8,762,000
	0				
Gross Profit	\$8,919,000	\$6,014,000	\$6,036,000	\$6,391,000	\$6,391,000
Operating Expenses					
Research and Development	\$5,173,000	\$2,260,000	\$2,304,000	\$2,715,000	\$2,715,000
Sales, General and Admin.	\$4,907,000	\$1,911,000	\$2,020,000	\$2,751,000	\$2,751,000
Non-Recurring Items	\$0	\$0	\$0	\$0	\$0
Other Operating Items	\$0	\$0	\$0	\$0	\$0
Operating Income	(\$1,160,000)	\$1,843,000	\$1,711,000	\$926,000	\$926,000
Add'l income/expense items	\$0	\$0	\$0	\$0	\$0
Earnings Before Interest and Tax	(\$1,444,000)	\$1,673,000	\$1,209,000	\$550,000	\$550,000
Interest Expense	\$0	\$0	\$0	\$0	\$0
Earnings Before Tax	(\$1,444,000)	\$1,673,000	\$1,209,000	\$550,000	\$550,000
Income Tax	(\$482,000)	\$376,000	(\$2,080,000)	\$373,000	\$373,000
Minority Interest	\$0	\$0	\$0	\$0	\$0

Equity Earnings/Loss Unconsolidated Subsidiary	\$19,000	\$32,000	(\$15,000)	\$6,000	\$6,000
Net Income-Cont. Operations	(\$962,000)	\$1,297,000	\$3,289,000	\$176,000	\$176,000
Net Income	(\$978,000)	\$2,681,000	\$4,206,000	(\$1,018,000)	(\$1,018,000)
Net Income Applicable to Common Shareholders	(\$978,000)	\$2,681,000	\$4,206,000	(\$1,018,000)	(\$1,018,000)

Table B.3**Annual Cash Flow [HappyTube]**

Period Ending:	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Net Income	(\$978,000)	\$2,681,000	\$4,206,000	(\$1,018,000)	(\$1,000,000)
Cash Flows-Operating Activities					
Depreciation	\$0	\$0	\$0	\$0	\$0
Net Income Adjustments	\$2,539,000	(\$284,000)	(\$2,737,000)	\$2,636,000	\$2,226,000
Changes in Operating Activities					
Accounts Receivable	\$90,000	\$67,000	\$54,000	\$127,000	\$98,000
Changes in Inventories	\$0	\$0	\$0	\$0	\$0
Other Operating Activities	(\$2,329,000)	(\$1,495,000)	\$1,196,000	(\$827,000)	(\$817,000)
Liabilities	(\$856,000)	(\$423,000)	(\$1,176,000)	(\$819,000)	(\$675,000)
Net Cash Flow-Operating	(\$1,534,000)	\$546,000	\$1,543,000	\$99,000	\$67,000
CashFlows-Investing Activities					
Capital Expenditures	(\$503,000)	(\$341,000)	(\$376,000)	(\$561,000)	(\$451,000)
Investments	\$1,539,000	(\$305,000)	(\$1,428,000)	(\$502,000)	(\$402,000)
Other Investing Activities	\$6,175,000	\$2,705,000	\$2,876,000	\$110,000	\$150,000
Net Cash Flows-Investing	\$7,210,000	\$2,060,000	\$1,072,000	(\$952,000)	(\$852,000)
Cash Flows-Financing Activities					
Sale and Purchase of Stock	(\$221,000)	(\$184,000)	(\$517,000)	\$0	\$0
Net Borrowings	(\$2,609,000)	\$166,000	(\$3,282,000)	\$1,793,000	\$1,733,000
Other Financing Activities	(\$764,000)	(\$56,000)	(\$54,000)	(\$2,352,000)	(\$2,322,000)

Net Flows-Financing	Cash)	(\$5,193,000)	(\$630,000)	(\$5,537,000)	(\$657,000)	(\$652,000)
Effect of Exchange Rate		\$45,000	\$7,000	(\$58,000)	(\$307,000)	(\$301,000)
Net Cash Flow		\$529,000	\$1,983,000	(\$2,980,000)	(\$1,818,000)	(\$1,818,000)

APPENDIX C

Key performance indicators

Table C.1

Annual Financial Ratios [HappyTube]

Period Ending:	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Liquidity Ratios					
Current Ratio	164%	248%	188%	135%	130%
Quick Ratio	144%	232%	171%	129%	120%
Cash Ratio	74%	154%	106%	63%	60%
Profitability Ratios					
Gross Margin	36%	44%	42%	39%	30%
Operating Margin	5%	14%	12%	6%	6%
Pre-Tax Margin	6%	12%	8%	3%	3%
Profit Margin	4%	20%	30%	6%	6%
Pre-Tax ROE	7%	15%	12%	6%	6%
After Tax ROE	5%	23%	40%	11%	10%