

JHT2 Strategic Management

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JHT2 Task 3

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A. Evaluation of the industry environment

1) In order for a company to remain competitive, we must review the “What is the company’s present situation.” Awareness of the external environmental conditions will identify how this company operates in this competitive industry. Likewise, the company should also pay attention to the internal environmental conditions as well. These internal environmental conditions would include the allocation of company resources and organizational capabilities.

In the real estate industry, the most dominant economic features that Coldwell Banker needs to be aware of is the Opportunities for Economies of Scale. Economies of scale may also reduce variable costs per unit because of operational efficiencies and synergies. Economies of scale can be classified into two main types: Internal – arising from within the company, and External – arising from extraneous factors such as industry size. (Economies Of Scale) Even though the real estate industry has felt the brunt of this recession, the quantity of home sales and purchases can have a major impact on the variable costs per unit (property) because of the company’s operation synergies and efficiencies. The real estate industry was impacted the most with the economic downturn. This caused home prices to drop, foreclosures to increase and lost confidence in homeownership. However, the larger real estate companies with an Economy of Scale can gain considerable competitive advantage, domination and market share over the smaller companies struggling to remain financially viable.

The greater the quantity of homes being bought and sold will help lower the per-unit fixed cost associated to that transaction. Coldwell Banker should classify Economies of Scale into two

main types. The Internal type deals with economies of scale within the company while the External type deals with the extraneous factors in the case of industry size. The reason for choosing the Economies of Scale is because larger companies can benefit from the lowest cost of capital, unlike smaller firms because the larger company can borrow at lower interest rates, have a lower cost per unit transaction, and obtain greater market share. Coldwell Banker could benefit by reducing the cost of the unit per transaction (production) because of the increased volume. This gives the company the opportunity to lower our transaction fee for the customer that also benefits the customer. Since the economy is still in an unspoken recession, customers are still budget & spending conscience and will gravitate towards the best price possible. Potential customers will become aware that the transaction fees are lower with Coldwell Banker, which will increase the number of customers seeking our services. The increased volume will generate more profits which will give Coldwell Banker the opportunity to allocate resources to other profit generating ancillary services, expanding the company and exploring other ventures.

2) Analysis of the impact on industry profitability and those driving forces.

There are many driving factors that can have an impact on the company's profitability. Some of these driving factors are global forces, social forces, technological factors, political/regulatory/legal factors, natural environment, demographic and general economic conditions. In the real estate industry, the general economic condition has had the most impact on the industry's profitability. This economic downturn had created a surplus of supply and drop in demand. As people were losing their jobs, most were forced to relocate to other areas. This caused them to uproot from their homes to find employment. Many people concerned about their job stability have become more hesitant to make a commitment to a long term home purchase. The lack of demand caused all of the real estate companies to become more competitive for

customers. Also, the political/regulatory/legal factor of increased laws, regulations and legal oversight had compounded the problem with tougher lending practices for the customers that resulted in fewer customers with the ability to purchase homes. This decrease in eligible customers created even more competition between real estate companies for those few customers to serve. As a result, the other companies are offering substitute products and services, fewer buyers available, a drastic increase in supply (units/homes) and less potential new entrants because of the fierce competition in the industry. Coldwell Banker needs to find a way lower their pricing for the customer to retain their business.

a) Plan and provision for the force in your strategic plan.

While we notice the driving forces in the market, we must think about ways in which we can change and overcome these forces that impeded our profitability. Coldwell Banker does not have the ability to change the regulatory influences and government policy to lending practices. The company can not change the economic condition of the country. However, Coldwell Banker can use other drivers that could help increase its profitability. The company knows that the United States is already a competitive market for real estate companies. An option could be to increase the company's globalization opportunities. This would require Coldwell Banker to open offices in other countries to access those opportunities. However, Coldwell Banker might find that other positive and negative drivers will arise by having a presence in that other country. Another could be changing the target market for home purchases. A different target market could be changed from the average homebuyer to investment and rental companies. This would create an opportunity for the company to gain more customers instead of being reliant on the average homebuyer. Coldwell Banker could look into marketing available real estate properties in the United States to customers in foreign countries. Advertising and marketing in other countries to

other individuals that have always wanted to purchase a home in the United States. Individuals in other countries might have never known how to purchase a home in the United States even though they had the resources to do so. Additionally, the company could also review and expand its already successful technological advantage in homes sales with a stronger web & internet presence. The internet is quickly becoming the primary sources for people looking for information. Coldwell Banker should work on allocating resources to expand the marketing and communication through this medium. The (TOMA) Top Of The Mind of Awareness through advertising on the web will create brand recognition and provide as portal for immediate service for prospective customers.

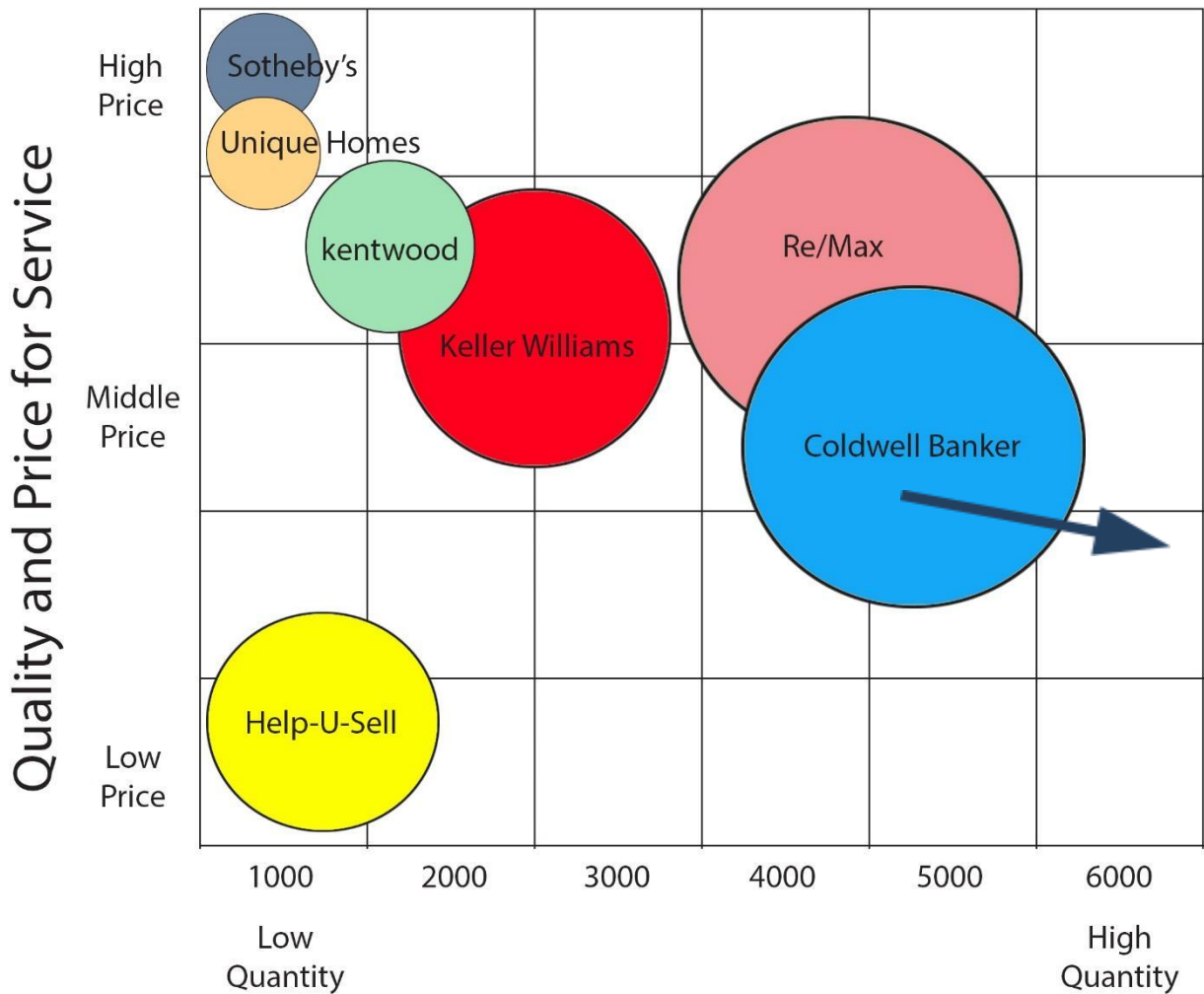
3) Two significant differentiating competitive characteristics of the industry.

In the Real Estate Industry, all of the businesses try to differentiate themselves from their competitors. The two most common differentiating characteristics between the real estate companies are the Quality/Price and the Quantity/Volume of the units (homes) sold. Some of the real estate companies prefer only to cater to the high end clients which require a higher quality and time spent for those higher priced homes. They seem to rely on the success of the few transactions while commanding higher premiums. While other real estate companies market towards any price market with average services. Some companies even offer deep discounted prices with very little service but at the very lowest prices possible. Each real estate company tries to differentiate themselves. However, as they grow in market share and overlap each other, and then the competitive pressure increases and the weapons of competition begin to show. Those weapons take the form of discounting pricing, coupons, increased advertising, innovation of new products, customization of products & services, and financing deals to establish their differentiation in the market.

a) Analysis on where we want Coldwell Banker to be situated on a strategic group map. The following strategic group map shows the industry members and proximity of rivals and distant rivals. This map shows positioning the company takes to change the favor for some and hurt others. The visual representation can give the path of least resistance for increased market share and strategy to attack the competition.

Real Estate Industry

Comparative Market Positions of Real Estate Companies in the U.S.



Quantity/Volume of Units (homes) Sold

Circles are drawn roughly proportional to the sizes of the firms, based on revenues

Coldwell Banker should look to position themselves towards a higher quantity with an emphasis on a lower to pricing bracket. Currently, Re/Max is showing that having higher pricing is creating a drag on the quantity/volume of sales. The other brokerages (Sotheby's, unique homes and Kentwood) are able to offer their services at a higher price, but they are noticing a significant low quantity in sales. These lower quantity sales could create problems for financial problems for expansion and put them at greater risks since their revenue is solely based on very few sales. Those higher priced real estate companies do not directly compete with Coldwell Banker even though coexist in the same industry. Help-U-Sell has differentiated themselves completely from any competition by offering the lowest price services but is still at a lower quantity. From their position, it is possible to see them gain higher quantity as time goes on. That is why Coldwell Banker can lower their prices a little and potentially gain an increased volume by moving into the untouched area of lower prices/high quantity. This will give an increased room for more market share safely to compete against Re/Max in the future.

4) Evaluation of two key factors that impact the company's success.

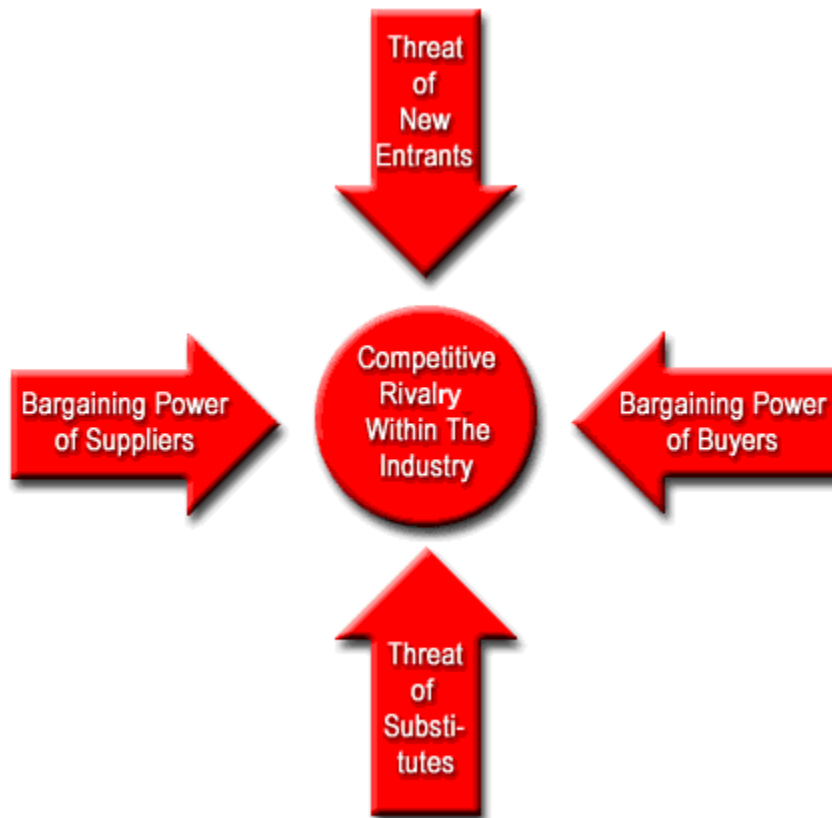
There are two key factors that will have an impact on the company's success. Both of these keys will have proactive and reactive strategies to support the evolving nature of the company's strategy. The first key factor to the company's success is technology. Technology should reflect the current business environment for communications. The company should be proactive by having high speed internet in every office with video conferencing and internet access & communications. This equipment should provide enough value and service for the customers so that they generate enough of a revenue to offset the costs and possibly yielding a profit. By having this technology and equipment, the company can be assured that the transaction of the sale will be completed and on time. A reactive strategy would be to have additional equipment, internet access

and communication in proximity of the sale transaction. This would allow for customer's needs to still be met by closing the transaction. The company can benefit by having the transaction closing that day instead of rescheduling for when the equipment is working again. While the cost of the extra equipment seems costly, this redundancy of equipment will ensure customer satisfaction, profit for the company that day and continued operation of the business for the rest of that day.

The second key factor is marketing. A proactive strategy is to increase the internet presence by advertising on key sites that customers are most likely to visit. The site marketing could be at local news websites where the ad on their website links back to our company site. This nominal cost in advertising can quickly be paid for by the traffic and leads generate from this advertising. Another marketing strategy is to promote the agent's in the company by offering them branding on key websites. The cost of the branding can be paid for by the agents that automatically increases the company name exposure on those sites. This creates value for the agents, exposure for the company, awareness to the customer and no advertising expense by the company. A reactive marketing strategy is needed if the competition begins to follow the same strategy as our company. If the current strategies are working well enough and warrant continuation, the company could look at increasing the amount of advertising as long as it is still profitable for the company. Coldwell Banker can also make adaptive marketing strategy adjustments that are emergent to compensate for the unplanned, reactive changes in the real estate industry. This could include new forms of media and advertising venues, and new marketing channels brought about by innovation in technology.

5) Analysis the impact that each of the five types of competitive forces will have on competition in our industry. Porter's five forces include - three forces from 'horizontal'

competition: the threat of substitute products or services, the threat of established rivals, and the threat of new entrants; and two forces from 'vertical' competition: the bargaining power of suppliers and the bargaining power of customers. (Porter five forces analysis)



While our company seeks to attract and retain buyers, the competition is also quick to compensate for the changes in our competitive strategy. Therefore, it is important to identify these five types of competitive forces so that this ebb and flow falls in our favor. The first step is to identify the parties involved along with their particular competitive pressures. The second step is to measure the strength of these pressures and categorize them as either strong, moderate or weak. The third step is to evaluate the overall five competitive forces so that Coldwell Banker can determine if it is conducive and within our ability to obtain attractive profits in this industry.

The first competitive force is from rival sellers. The strongest of all of the five forces is the market maneuvering for the buyer patronage. This goes along with the competitive force with rival sellers for products and services. Rivalry among rival competing sellers should be viewed as a dynamic and ever changing battlefield for attracting and retaining buyers. Coldwell Banker's Challenge is to create a strategy that will allow it hold its own against our rivals. Ideally, this strategy would give Coldwell Banker the competitive edge over the rivals. It is important to be aware of the constant changes in the competitive landscape which will require continuous actions and reactions to maintain a competitive edge. A competitive edge can also be achieved by the deployment of new product lines, wider product selection and even improved customer service programs. Coldwell Banker can apply many types of competitive weapons that could help differentiate their products from the competition. Coldwell Banker could create "blow out" sales for select days that would give the customer a discount on the cost of the services for buying and selling a home. Of course, this would lower the cost and profit margin but it would boost sales volume and increase market share. The company could also offer coupons or discounts for the services the company offers. This will be a great way to counter the competition if they attempt to offer their services at a lower rate. Coldwell Banker could improve the service aspect by expediting the process of the sales transaction through improved equipment. Speed of the transaction is what the customer is desiring. Improving the equipment could improve the service delivered to the customer. Another competitive advantage against rivals would be to create a bigger, better inventory network. This larger inventory network would give the customers a greater selection and choices on the homes that they want to purchase. Coldwell Banker can also differentiate themselves further by partnering with lenders that can give low interest rates, companies that offer warranties and even concierge services for its customers.

Coldwell Banker should always be vigilant of when Rivalry competition increases. Rivalry competition increases when the buyer demand decreases. When inventory increases, buyers ability to switch are low cost to them, services are weakly differentiated, higher fixed costs, many competitors in the industry, and the rivals have high emotional stakes in the business or face high exit barriers. Conversely, the rivalry diminishes with the competition when buyer demand increases. The costs are too high for the buyer to switch, strong differentiation of services, customer loyalty is high, fix and storage costs are low, sales are among only a few competitors, and exit barriers are low.

The second competitive force is from potential new entrants. New entrants seek to gain a secure place and bring new production capacity into the market. Coldwell Banker can counter these new entrants by establishing higher barriers to entry and defensive maneuvers that can maintain the current position for the company. The new entrants will have to deal with companies with sizable economies of scale, experience and learning curve, industry incumbents that have cost advantages, strong customer loyalty and brand presence towards incumbents. There are also competitor's strong networks, deal with high capital requirements, create and build their network, and even restrictive governmental regulations. As previously mentioned, Coldwell Banker should look at expanding the Economies of Scale for the company to gain a competitive advantage over these new entrants. The Economy of Scale will make allow this company to enjoy the size and financial strength to cost restrict these new entrants from making a profit or gaining considerable market share. These New Entry threats are the strongest when the barriers are low, uncontested entry for the newcomers, large pool available for new entrants, and other industries looking to expand into our industry. This would also include buyer demand that is rapidly growing in the industry that will attract these newcomers.

The third competitive force is from substitute products producers. Coldwell Banker notices that there are many different real estate companies offering the same product and service. This competitive pressure from having many substitutes readily available to the customers increases the competitive pressure in this industry. This competitive pressure allows the buyer to view the substitutes in regards to their price and the quality. As a result, customers can determine whether the cost of switching is going to high or low for them. Coldwell Banker needs to differentiate their services to the point where the customers cannot find a good substitute; other substitutes will have a higher cost, and the cost is too high to make the switch. The company needs to identify what other services are available to the customers by the competition. If the service already exists with the competition, the company should be looking into either expanding the services already offered to increase the value or to lower the price to capture those customers.

The fourth competitive force is from supplier bargaining power. A supplier bargaining power is at its strongest when the supply is short; products are differentiated, the product is essential to the industry processes, lack of a good substitute. Supplier bargaining power is also at its strongest when the suppliers are not dependent on the industry for revenue, and the supplier is more concentrated than the industry that is dominated by a few very large companies. When the supplier has the bargaining power, it can erode the profits for the buyer by commanding higher pricing. This scarcity of product could trigger a pricing war for the supplier's products that hurt every company seeking that product. With Coldwell Banker, our supplier is Multiple Listing Service(MLS). The MLS can command their rates for their services when they do not have any other MLS service to compete. The MLS service can and does require the Real Estate Companies to pay a higher fee for their services. In contrast, the suppliers are going to have to make adjustments when they have a huge supply available. They will also correct their pricing to match

the market price, watch for buyers switching to alternative suppliers, and combat other good substitutes emerging. Also, they will deal with many other suppliers selling the same product, and counter for the ability of the customer to integrate backward and produce a product themselves. Now that other MLS supplier services have emerged and offer their services to us, we can pick and choose the MLS supplier in which we want to use for our service. This causes the MLS Suppliers to reevaluate their costs so that they can continue to reserve our business.

The fifth competitive force is from buyer bargaining power. Buyers can have an effect on business by demanding concessions on the pricing. This leverage for buyers is created by having their costs of switching to competing brands or substitutes remaining relatively low. These buyers also can easily make the switch to another company because the products are standardized or undifferentiated. When the buyers are large and few relative to the number of industry sellers, they are able to negotiate for better pricing. Another buyer bargaining power is when buyer demand is weak, and the product needs to be moved. Smart Buyers are also aware of the quality, prices and costs of the sellers, this gives them the each on determining whom they want to do business. Even in some cases, buyers could integrate backwards into the business of the sellers where they are creating their own product. When the buyer has the bargaining power, it gives them the opportunity to postpone purchases. Buyers that are price sensitive or low-income consumers or just getting creates limits the price sellers can charge for their product. This prevents the seller from selling the products at a higher price for greater profit. Coldwell Banker can set the pricing for the services according to a percentage or commission rate from the total cost of the home purchase. This fixed percentage rate of the total cost can give the customer a clear idea of the total cost but can increase or decrease according to the purchase price of the home. If the buyer wants

to have greater bargaining power, they will have to negotiate the price with the seller of the home and not with the service fee from the real estate company.

B. Developed Strategic Plan

1) The Vision Statement for the company. Here is a compelling vision statement that fits the real estate industry. This vision statement is designed to support and align with our strategic plan while being graphic, forward looking, focused and memorable. "Mission Statements" and "Vision Statements" do two distinctly different jobs. A Mission Statement defines the organization's purpose and primary objectives. Its prime function is internal – to define the key measure or measures of the organization's success – and its prime audience is the leadership team and stockholders. Vision Statements also define the organizations purpose, but this time they do so in terms of the organization's values rather than bottom line measures (values are guiding beliefs about how things should be done.) (Mission and Vision Statements)

“Our vision is to provide the very best real estate services for everyone at the most affordable prices. We are dedicated and focused to saving people money so they can purchase the home of their dreams”

2) Mission Statement for the company. The Mission Statement needs to describe the company's current purpose and business. It should define who we are, what we do and why we are here. Our mission statement should contain the identity of products/services, specify the needs of the buyers, point out our market endeavoring, approach to pleasing our customers while giving the company its own unique identity.

“Our Mission is to make the buying and selling a home as the cost effective as possible while maintaining the highest level of service for our customers. We pledge to provide the most accurate and up-to-date information, with skilled analysis and sound real estate advice and support. Our vision is continually to explore new ideas, marketing strategies and technology. Our commitment is to make the selling and buying of real estate faster, easier and less costly.”

3) A distinctive competency that distinguishes our company from others. Coldwell Banker will distinguish ourselves from the competition by our technology and marketing strategy of providing “truly remarkable service” to the customers. Our company wants to synonymous as the company with latest technology and marketing resources for both our sellers and home buyers. Coldwell Banker can develop this competitive advantage by introducing technology and marketing strategies that will enhance and streamline the customer’s real estate experience. The following value-chain analysis will show the key success factors our company will employ to compete in this industry.

Our state-of-the technology and marketing will benefit our customers experience in the following ways:

Online website that is extremely easy for customers looking for a home in any area that they desire. Searching homes can be as simple as clicking on the map to find the homes that available on the market. Our technology will be based on showing all of the MLS listings in the regional area and not just the listings the company holds.

- Instant online support can be accessed by the client to make arrangements to go view the home with one of our associates. The website will have a button for instant communication with one of support personnel to get them with an associate immediately. Our competitors require the customers to call the office number for

support or questions about the property. We will give our customers instant support without waiting.

- Our agents can access lending sites to help determine what the customer can afford with a pre-approved letter from the lender on the amount that the customer can afford. This prevents wasting time at looking at homes that are not in their price point. Our agents can swiftly screen the clients to give the customers the best possible service. The competition currently gives the client list of lender that the customer can call to get a possible quote.
- The customer can get an instant listing report from the associate on all of the available listings and homes in their desired price point. This will save the client time from searching for homes on their own. Some clients do not know what they truly can afford. Our rapid online response system will give them the information they need to make an informed decision. The current competition gives their customers a link to a website with a bunch of homes to choose.
- Online the associate can get instant viewing access to the home for the client and show the client the home within hours. This will eliminate days of waiting for the client to view the home and expedite their decision process. Our competition must call the listing office and get an appointment for when they can show the home to the client.
- If the client wants to buy a home, our associate can quickly submit a complete offer contract to the seller via mobile phone in minutes. This electronic contract offer will get the Seller first. This benefits the seller because they have an offer, and the buyer knows they are first people to get an offer in the deal. The competition might

miss out on getting a contract in before the seller has made their decision because they were using old technology and equipment.

- The customer will know in minutes if the offer is accepted by both email and text message of the seller's decision. With other real estate companies, the decision takes time to be accepted and the eager buyer may lose interest, or the seller becomes frustrated because they have not received any offers.
- If the seller accepts the offer, a contract is electronically created and sent to the seller immediately for their signing. This process will eliminate the need to have a courier deliver the contract offer to the seller the next day which is standard for other real estate companies.
- When an offer is accepted by both parties, all electronic information is submitted to Title and Mortgage instantly. They will get the information from both parties that will help expedite the process. Currently, the competition must compile the information from the buyer and submit this information to the title and mortgage which could take weeks if the information is incomplete. Our rapid online form system requires all information to be complete and thorough before submission.
- We will also have a 24-hour technical support team to ensure all documentation is submitted correctly for the closing.

The use of this advanced technology and marketing creates a pulling effect through the home buying process. This technology expedites the flow process of the information which benefits the customers. As time goes on, the customers will be more willing to pay more money in return for our expedite services. The company will become successful as time goes on which opens new ways to diversify into ancillary industries such as mortgage

lending, title services and other areas that currently support our business model. By doing this, we will be able spread out the business risk across various industries. This will result in added long term-term economic value for our shareholders. From the synergy created with the shareholders, we as a company look towards acquiring other businesses, corporate venturing, and joint ventures.

With an Economy of Scale, we can create high entry barriers, slow their speed of entry and even make it not cost-effective for the competition.

4) Market Opportunity

Coldwell Banker needs to identify the customer needs, wants and desires. Our plan is to find a way to capitalize on those needs and wants. Coldwell Banker can uniquely position the company to meet these needs and do a better job than the competition. This will our company the competitive edge over the competition in the following areas:

The first area of customer's wants and needs is in speed of service. Through the use of our state-the-art technology, we will be able to give the customers the faster service in transaction time. The largest complaint in the real estate industry is the time it takes for the deal to be completed. With the state-the-art technology in electronic documentation, cloud computing and high speed internet, the customer will have less time waiting for the buying and selling of their home. Our Objective is to get the transaction to move as quickly as swiping of credit card.

The second area of customer's wants and needs is the stress of purchasing a home. My customers have expressed that buying or selling is one the most stressful experiences in their life. We can remove the stress for them by handling all of the details for them. They will not have to worry about documentation since our Technology Resource Center will be able extract all of the

information for them. The extracted information will be able to create a contract, get a loan financing, order the title information, plan for the closing and even get them moved all at the click of a button. Our service will handle all aspects of the home buying process which eliminates the stress of buying a home.

The third area of customer's wants and needs is their level of involvement in the purchasing a home. We will be able to provide access for our customers to view online the steps that are taking place for their home purchase. This will give them control to change lender's and select different lending options, pick a different title company, choose their moving company and even pick the closing date that works best for them.

Speed of service and customer comfort is going to be a marketing advantage that will differentiate Coldwell Banker from the competition.

5) External Threats

In every market, there is always an external threat that impact the organization. This external strategic threat impacts not only our company but has an affect every company in the market. These threats are clearly visible by doing an SWOT analysis to determine the strengths, weaknesses, opportunities and threats.

In the Real Estate industry, the economic downturn has caused many people to lose their jobs that resulted in them losing their homes too. The foreclosure on homes caused the home prices to drop in many neighborhoods. Many homeowners became upside down on the mortgages because of the depreciation in their neighborhood. So people without jobs could not buy homes, and other homeowners did not have the equity to purchase a new home because of the tightening of lending legislation. This created a surplus of inventory of homes for sale but very few qualified homebuyers because of the tight credit conditions. The slowdown increased competition among

real estate companies to compete for customer's business. The bargaining power increased for the customers that resulted in higher demands for exceptional and expedient services. Greater threats of the competition attempt to shift buyers to their business will be by cutting their profit margins to gain the customer's business.

5a) Threat Recommendations

Our company already has a strong brand name and the distinctive competence in real estate. Coldwell Banker also has strength in superior intellectual capital, superior product quality and capabilities to improve the production processes. The recommendation to this threat is to assess our strengths, strengthen our weaknesses, seek potential market opportunities and be watchful of the potential external threats.

Since we are looking at the economic downturn as the current threat to our customer base, our company should apply our resource's strengths to combat this external threat. Coldwell Banker should look to have funds set-up in a reserve account to create a buffer for when times are tough. If the economy contracts again, we will notice an increase of inventory. In order combat this, we will work on better communication with other real estate companies that might have a buyer looking for one our homes. While the competition is still our competition, we will need to work together as a team since the whole industry will be hurting in sharing potential homebuyers. Our online initiatives should include marketing outside of the United States to capture other potential buyers. The company can offer lower priced deals to customers if they decide list and sell their home with us. Coldwell Banker could also work out discounted deals from mortgage and title companies in exchange for using them exclusively. Employees will be given training opportunities to advance in the company that will save the company from hiring expensive professionals. Compensation for exceptional employees could include benefits such as additional

time off, more vacation days and more holidays or inexpensive tickets in exchange for big bonuses. Team building of the employees could include company picnics or a charity event. This gives all of the employees a chance to work together and give the company a positive image in the community. Finally, the company can apply market analysis to these threats and create strategies that will address the wants and needs of the customers.

6) Financial Objective

The business financial objective is to increase revenue growth. In order for Coldwell Banker to achieve revenue growth, it needs to place emphasis on marketing and sales activities. This objective is solely focused on increasing top-line earnings by putting earnings before expenses. Coldwell Banker should set our goal objective of increasing revenue by 10 percent for each year.

Step 1: The first step is to increase the number of customers. This would require Marketing to communicate our business to all social media sites, internet forums and even news agencies. The company can then get analytics from those sites and determine which media is getting the greatest exposure and response. Our customers could come from building relationships with other businesses that might be relocating employees to other areas and need homes. Coldwell Banker can see from the sales that companies have given us the most business. Customers will also be able to find us first on the web through purchasing SEO ranking on the most popular search engines. This will help company determine what SEO keywords are the most effective in drawing in more visitors and possible customers.

Step 2: Increasing the average transaction size. Coldwell Banker should like to give the customers more options to purchase more services during the transaction process. The company

could create and add a tiered complementary program for the services we offer. A gold plan for everything, silver with some options and the bronze plan that is the bare minimum. Monthly, the company should review the plan. Determine the plans that were mostly used and how to get more customers to utilize the plans that offer has more services.

Step 3: Lower the prices to drive more customers to seek our service. The increased demand for service will increase the volume and number of units being bought and sold. This lowering of prices will create competitive separation from Re/Max and move the company towards its strategic goals. Advertising the lower prices will incentivize the customer to use the company services. While it will initially start at lower cost than the competition, the customer will have the options to upgrade to other plans for an additional cost.

7) Strategic Objective

Coldwell Banker should have at least one functional-level strategic objective which is a plan of action to strengthen the organization's functional and organizational resources, as well as its coordination abilities, in order to create core competencies.

A Marketing Plan will be our functional-level strategic objective that engages a million customers. Even though strategy is often thought of as a top management concern, a business cannot be success without all of the functional areas committed to sharing responsibilities for the company's competitive position. Our Marketing functional-level strategic objective is going to have a huge impact on helping the company meet its financial objectives. These are the three functional steps that marketing must take to help us obtain our financial objectives:

Step 1: Quality of service – marketing will have to provide an accurate assessment of the customer's product preferences to (R&D) technology. The marketing assessment will help determining the allocation of the appropriate resources towards technology that the customers are

wanting and demanding. The Marketing Department will be required to submit a report of Online Surveys of the Customer's experience within the first 2 months. From those 2 months of surveys, the Customers will identify their preferred products and also complaints to signal as opportunities to improve. After the initial two month period, each survey report will be given to each department to recognize, reward and identify challenges that need to be rectified. All of the Departments will have one month from that date to submit an improvement strategy that addresses each of the customer's survey responses and course of action. The survey responds with the most common response should be given the greatest weight and attention. If the survey response is positive, the department must think of ways to expand upon that success. If the survey is negative, the department must come up with a remedy for the issue. Every department must show a 5% improvement in the quality of service each month reported by the surveys. Improvement in the quality of service should increase our market share by 10% within six months. This 10% increase is due to improved reputation, customer satisfaction, and increased demand for quality service. This survey evaluation process should be repeated every two months until we reach our goal of engaging 1 million customers.

Step 2: Efficiency of service – marketing will target advertising campaigns at the customers by using the most cost-effective mediums. These mediums could be on forums, advertising sites, video and social media sites. The first month should be to have analytics attached to 100% of all of our websites and banner marketing ads to begin the recording of our target market. The reports from analytics will identify our key demographics. The two-fold results from the analytics will tell us which places to advertise, and the other is clearly identifying the company's target demographic. Our websites and social media will let us know the people that are already interested in real estate. These sites will have the ability to engage the most number of potential

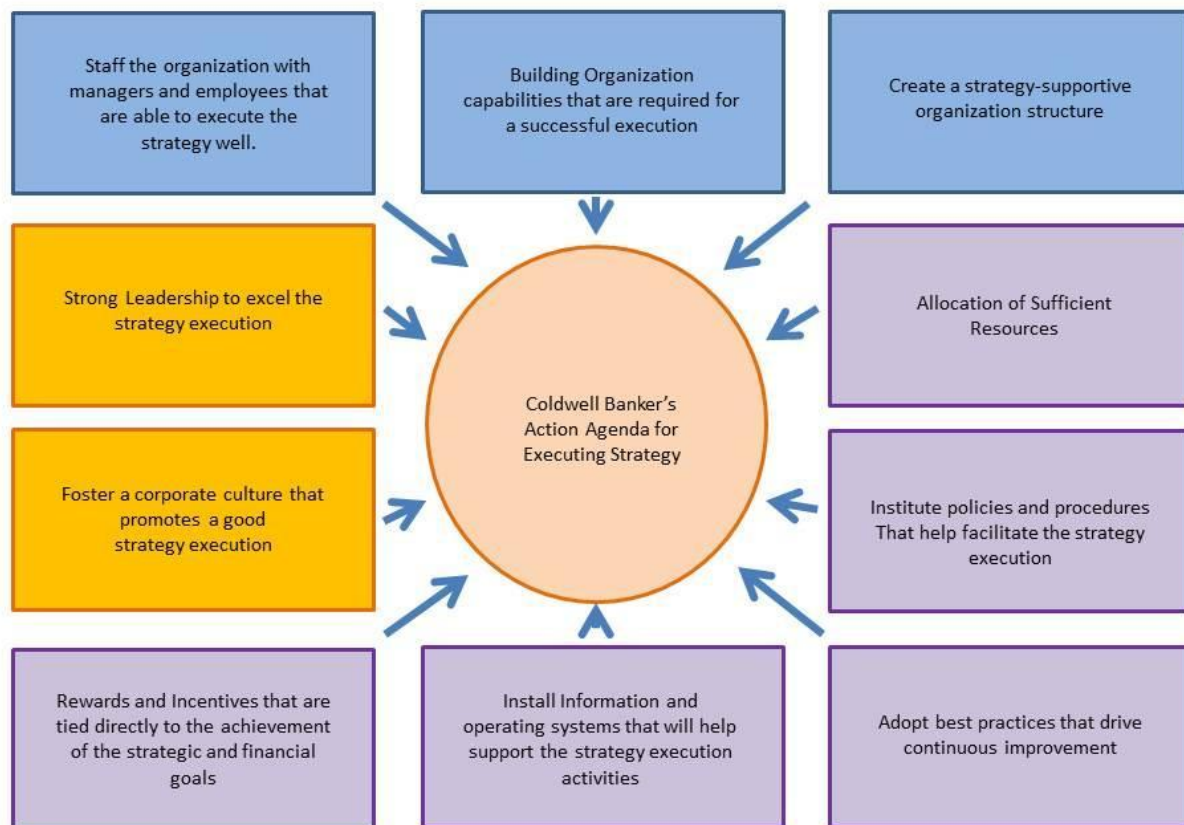
customers than any other mediums. Coldwell Banker can achieve greater market share once the target clientele is identified by gathering each of the analytics reports monthly. The IT department will have six months to construct a database that will house all of these analytics so that Marketing can track, monitor, analyze and engage the 1 million potential customers and their purchasing patterns. After the first year, Marketing collateral should be created that is geared towards those target segments that are most inclined to buy or sell a home.

Step 3: Delivery of service – marketing will have quickly to uncover and react to instant changes in the market trends. This would require the company to pursue avenues of communication changes or the trending of media innovation such as mobile devices and new technological equipment used by the masses. Since Coldwell Banker currently doesn't have a mobile app for the public, IT will have the next 6 months to develop a mobile app for the consumers to install on their mobile devices. This would increase global web presence by 15% in meeting the needs of the customers while increasing the number of customers to be engaged. After the development of the mobile app, the company should look into making the database accessible to the real estate agents. This information will help them filter through the potential buyers and sellers and give them solid leads that would increase profits for them as well as benefit the company.

C1. Principle Managerial Components

The following are ten principal managerial components that can be used in the strategy execution process. With a big corporation like Coldwell Banker, this action agenda needs to be implemented by senior executives. The senior executives need personally to take charge for communicating the case for change. This will be by building consensus on how to proceed,

placing the strongest managers in charge to move the process forward, overseeing the directions of resources to the right places, and creating key metrics for achieving measured progress and deadlines. A successful strategic execution is dependent on the cooperation and implementation skills of the other operating managers. These operating managers can promote the needed changes from the lower organization levels that can deliver the results. The most important leadership trait needed is a strong, confident sense of what needs to be done and how to do it. The foremost requirements for an organization to be capable of building a good strategy execution is having the resources and capabilities in place and ready to be deployed.



Coldwell Banker can use each of these processes for implementing the company's strategic plan.

- Staffing the organization with managers and employees that are capable of executing the strategy well. Coldwell Banker needs to put together a strong management team. This strong management can ensure that the communication is clearly and concise delivery to all individuals in the company that can deliver the results. It is also important to recruit and retain the employees that bring the needed experience, technical skills and the intellectual capital. For Coldwell Banker, this would require hiring the most professional customer service oriented individuals as well as the most technologically proficient individuals that can adapt to the changes in the industry. Our company needs to spend considerable effort in screening applicants, training employees, creating skill stretching assignments for employees, rotating employees through functions of the business, create a stimulating work environment, strive to retain talent and even coach average performers. These individuals in this real estate company must have a work ethic for delivering “Truly Remarkable Service” as well as the ambition to strive to the very best in the industry.

- Building the organizational capabilities required for a successful strategy execution. This would require Coldwell Banker to work on building and strengthening core competencies and its competitive capabilities. The three most common ways to build and strengthen capabilities is by internal development, acquiring capabilities through mergers & acquisitions and even accessing the capabilities by collaborative partnerships. The internal development for Coldwell Banker could utilize teams and work groups that are cross-functional in nature. This cross-functional organization can work better in collaborative efforts of personnel. The internal capability of collaboration of IT, Marketing, Accounting, and Office Admin would speed up the process of completing a transaction for a client or expedite a closing transaction for a buyer or seller. Another way to build and strengthen capabilities is through Mergers and Acquisitions. The

purpose for a merger or acquisitions is to build a stronger portfolio of competencies and capabilities. This process can refreshen and strengthen its competencies by obtaining attractive resources and even new capabilities. In the case for Coldwell Banker, the company could acquire newer technology or better processes for marketing and better methods for delivering services. Not only does the company gain more market share but they acquire the knowledge, technology, experience and talent from that other company. The only concern would be the time and resources needed to make both organizations compatible with each other without damaging or destroying the very capabilities that the company wished to acquire. Another method of acquiring capabilities is through collaborative partnerships with suppliers, competitors, and the company that has the cutting edge expertise. One way would be to Outsource some of the functions to a supplier or vendor so that the company can focus its energy on activities most central to the strategy. Coldwell Banker could utilize services that repetitive or requires little skill to accomplish the process. This could be a phone service that schedules showings or records repetitive processes. The second way would be to create a joint venture, strategic alliance or some partnership to shared strategic objective. A venture would allow for the pooling of each other's cutting edge expertise to deliver results that couldn't have been achieved individually. Coldwell Banker could work with other Title companies without the interest of going into their business of title work but can benefit from their capabilities and service expertise that they render. The third type could be for the soul purpose of learning about how that partner does their business. The company's interest is eventually to internalize their methods and process with the purpose of acquiring their capabilities.

- Creating a strategy-supportive organizational structure. The Coldwell Banker organization structure must be matched to the requirements of a successful strategy execution.

The first requirement in order to achieve this successful strategy execution, the company must decide which value chain activities are to be performed internally and which activities are to be outsourced.

The three execution benefits from this decision are improved chances of outclassing rivals in strategy critical activities and by turning core competence into a distinctive competence. Value chain activities such as 24/7 technical support for customers could be outsourced to places where the personnel or services are less expensive which would lower the company's operating costs and give customer service 24/7. The second benefit is the streamlining of internal operations by decreasing internal bureaucracies, flattening the organizational structure, speeding up internal decision making and shortening the response time to changing market conditions. Outsourcing the paperwork to independent companies could shorten the cycle time for completing the processing of the home sale or purchase. This would leave the employees with the ability to concentrate on getting more contracts in line to be processed. The third would be building, improving and leveraging partnerships to add more capabilities to the company's arsenal for the strategy execution. This cultivating of partnerships can build loyalty, support and even commitment for our company's marketing programs.

The second requirement in order to achieve this successful strategy execution, the company must align the organization structure with the strategy. The organizational structure is comprised of the arrangement of tasks (formal and informal), lines of authority, responsibilities, and the reporting relationships that the company has administered. A well designed organizational structure is matched to the requirements of the strategy along with various parts such as decision making and communication patterns that also align with each other. Coldwell Banker should make Strategy-Critical Activities the main building blocks of the organizational structure. Priority should

be given to the activities in the value chain that are the most critical to a successful strategy execution. In the case of Coldwell Banker, strategy-critical activities would include, fast access to information, technology, customer service and the speed of the service. The company needs to match its organizational structure to the strategy execution requirements. As the company continues to grow and evolve, the structure needs to evolve as well. A simple structure organization also known as a line-and-staff is perfect for small companies and entrepreneurial start-ups. However, this structure would not work well for a large company such as Coldwell Banker. The Functional Structure Organization is organized into functional departments. These department managers report directly to the CEO. While this structure is perfect for small corporate staff, Coldwell Banker is competing against larger organizations. This functional structure could quickly become overwhelming for the CEO if they are forced to make all of the decision making for the company. Multidivisional Structure is closer to the ideal organization structure because it is decentralized and operates along the market, customers, product and geographic lines with a central corporate location to monitor all of the divisional activities. While division managers oversee the day-to-day operations, it allows for the top executives to concentrate on corporate strategy. This structure is good for Coldwell Banker since they are pursuing many forms of diversification strategy or global strategy. However, the best structure for Coldwell Banker would be the Matrix Structure. The Matrix structure has the benefits of two or more organizational forms with multiple reporting relationships. It has the ability and flexibility to overlay secondary reporting over primary reporting. Also known as composite structures or combination structures, will allow for cross unit collaboration to create the competitive capabilities. This will increase the speed of bringing new products to the market, technology to use, sharing of resources, and utilization of personnel to the fullest potential.

The third requirement in order to achieve this successful strategy execution, the company must decide how much authority to centralize at the top and the amount of delegation. There are two extremes to the delegation of authority. The first one is centralized delegation in which all of the decisions are made by the CEO or his top executives. The other decision process is decentralized in which it gives the managers and employees some considerable decision-making latitude in their areas of responsibility. The advantages of having a centralized structure are it fixes accountability, eliminates goal conflicts and allows for quick decisions with an established strong leadership in difficult situations. However, a centralized structure lengthens response times, does not encourage responsibility among managers and employees, and even discourages employees from taking any initiative. The advantages of having a decentralized structure are that it encourages initiative in employees, promotes greater motivation and involvement. It will most likely generate new ideas and creative thinking, and even enable quicker response time to market change and even decrease the layers of management. However, management may view that they have lost control, unaware of employee actions, possible bad decisions could be made and even impair the process for cross-unit collaboration. Coldwell Banker should use a careful blend of both centralized and decentralized structures. They should still have leadership in place, and the strategy execution should be shared on all levels. Employees should feel free to take initiative. A policy should encourage the employees to be creative and contribute their ideas, thoughts and processes that could improve the company. The ultimate objective for Coldwell Banker is to capture a cross-business strategic fit in a decentralized structure. This can be done by cross-business collaboration or by centralizing the performance function requiring close coordination with the leadership. If the leadership centralizes the related activity this will prevent the duplication of processes, effort and resources allocated to the activity.

The fourth requirement, in order to achieve this successful strategy execution, is for the company to facilitate collaboration with strategic allies and external partners. Coldwell Banker could benefit by creating strategic alliances, outsourcing arrangements, joint ventures and cooperative partnerships with other companies. This collaboration can bring fresh ideas, new strategy ideas and processes that would improve the company's strategic goal. Coldwell Banker could create alliances with other IT and Service companies to help give them a service as well as advice on improving the company's operations. It is crucial that Coldwell Banker know that the importance of building a good, solid relationship with their suppliers. A good way to foster this relationship is to assign relationship managers to help see to it that plans are developed, carried out, continued open communications, smoothing trouble spots, and nurturing the relationship through interpersonal cooperation.

- Allocating sufficient budgetary (and other) resources to the strategy execution effort. A company needs to govern the right amount of resources needed to achieve its strategic initiatives. Too little funding will slow the process needed to be successful unlike having too much funding which will waste organizational resources and reduce its financial performance. Coldwell Banker will need to have managers deeply involved in reviewing the budget proposals, allocating the right amounts of resources and screening the requests for more manpower, resources and equipment. Whenever there is a change in strategy, this should be a sign to make conscience and careful shifts in the budget and resource allocations. Coldwell Banker should be aware that the bigger the change in the strategy will result in just as big resource shifts required to be successful. So with careful consideration, Coldwell Banker could merely fine tune the company's existing strategy which will require less movement of money, resources and people. In some cases, analysis by the manager will require line by line review to find cost saving measures. Other

ways of trimming costs could be shifting of the resources to higher priority activities where they are in line with the new initiatives. Coldwell Banker must be both lean (operating as cost efficiently as possible) and strategy driven (have ample funding to perform the key value chain activities).

- Instituting procedures and policies which will facilitate the strategy execution. A company that has good policies and procedures will notice that it supports a good strategy execution. Whenever a company puts new strategy element into place, the company will notice some changes in work practices and behavior of the company personnel taking place. This means that the company must have managers examine and report whether the existing policies and procedures support the changes and to have them proactively revise or discard those policies that are not in sync with the company strategy.

The following are some good policies and procedures that Coldwell Banker could facilitate for a good strategy execution.

- 1) The company provides a top-down guidance about how things are supposed to be done. This would include channeling individuals' efforts along the strategy-support path. By providing a top-down guidance program for the personnel, the individuals will be able to perform organizational activities, conduct various aspects of the operations and even solve the problems as they arise. Policies and procedures will also align the actions and behaviors of the company personnel to reflect the requirements for a good strategy execution. These policies and procedures will also put limits on independent actions and help overcome any resistance to change.
- 2) Policies and Procedures can also help ensure in how the strategy-critical activities are to be performed. The way this can be accomplished is by improving the quality and

reliability of the strategy execution. This could be accomplished by having strict conformity standards. In the case of Coldwell Banker, documentation is consistently in order and is completed to the required level. This thoroughness will help all individuals and groups throughout the company to accomplish their activities as well. A good strategy will allow for it to replicate the product quality and customer service at every location that Coldwell Banker does business.

- 3) By having Policies and Procedures, it will begin to promote the creation of work climate and environment that would help facilitate a good strategy execution. This would set the tone for Coldwell Banker's work climate; it would allow for the policy changes to take root in the changing of the corporate culture. As a result, the new corporate culture will enable the new strategy to produce a stronger fit and embedded in the policies on how things are to be done.
 - Adopting best practice and practices and business processes that will drive continuous improvement in the strategy execution activities. Coldwell Banker can significantly advance the cause for superior strategy execution by gauging themselves against the same companies that are "Best-in-Industry" performers. The purpose is to look at the competition and see how they are different organizationally. This would require investigating their locations, identifying and understanding how they compare in their value chain activities. Another technique is identifying and incorporating best practice works. The concept of best practice is the finding of a method from performing an activity that will consistently deliver the very best results compared to any other methods. In order to find this best practice, benchmarking should be done to see the strengths of other company's ways to perform particular activities. By benchmarking, the company can see how to adapt and apply similar top-notch approaches to its own operations.

Coldwell Banker should first engage in benchmarking to identify the “best practice” for performing an activity. The second step is adapt that “best practice” to fit Coldwell Banker’s situation. Once it fits, then the company should implement it. The third step is to continually benchmark and monitor the company’s performance in comparison to the “best-in-the-industry” performers. The final step should be to tune the operation into excellence in performing that activity. Some of the best business processes reengineering tools in promoting operating excellence are Total Quality Management (TQM) and Six Sigma. Both these tools utilize business process engineering radically to redesign and streamline how the activity is performed. The purpose is to achieve a dramatic improvement in performance for the company. While Business Process Reengineering and TQM & Six Sigma aim to improved productivity, reduce costs, create better products and greater customer satisfaction, Business Process Reengineering aims to achieve quantum gains in comparison to the incremental progress of TQM or Six Sigma. Coldwell Banker can look at what is working for them and their competition. See what is working right for both companies and find ways to make it even better. In some cases, the competition might be performing better in the benchmark but by incorporating what they are doing right could also benefit our company too.

- Installing operating and information systems the will help enable the company personnel to carry out their strategic roles proficiently. Coldwell Banker should have a well-conceived state-of-the-art operating systems. These state-of-the-art operating systems not only enables a better strategy execution but also strengthens organizational capabilities. By adding Information systems, it will help managers gauge the accurate and timely information about the daily operations. The information systems will need to provide the five broad areas for adequate information, performance tracking and controls. These areas are customer data,

operation's data, employee data, supplier/partner/collaborative data and financial data. For Coldwell Banker, these are all key strategic performance indicators that must be monitored, tracked and reported in real time whenever possible. This important statistical information that is needed minute by minute could be made possible by using online technology. Online Data systems could help Coldwell Banker in the following ways:

- 1) Marketing the world via the Internet – this will show the world the inventory available for purchase with our presence, location and the services we provide.
- 2) Online ordering and managing systems – this online system will monitor the transaction every step of the way for each. Giving the customer to view the progress and process for completing the home buying experience. This will also act as real time monitoring for benchmarking the operations. The Benchmarking process will reveal opportunities for improvement as well as finding the best practices that can drive the costs down for the company. By having this online system, the company can be creating “electronic scorecards” for senior leaders to gather this information and make better on-the-spot decisions.
- 3) Intranet system should be able show the tools and resources that will help and foster the employees personal growth, but also monitor their performance. This intranet could securely hold employee data, operational data and resources that would offer to cut edge technology educational and technical materials.
- 4) Electronic mail or email could provide the communication that is essential to the company to operate smoothly and bridge the communication gaps between the different departments and divisions.

For Coldwell Banker to achieve superior strategy execution and to operate excellence it is imperative that this company have the state-of-the-art operating systems, information system and real-time data.

- Tying incentives and rewards directly to the achievement of the financial and strategic targets. A properly designed reward system is one of the most powerful tools that a manager can use to mobilize an organizational commitment to a successful strategy execution. Not only does it spur the employees efforts to achieve the company aims but can also help achieve sustained, energetic commitment to the strategy process. When rewards are tied to a specific outcome, financial rewards provide high-powered incentives and are at the top of the list. Financial incentives are typically the number one motivating tool to gain the attention of the employee. This incentive is a good strategy execution for focusing the attention on the strategic priorities. A typical company's package of monetary rewards contains a combination of the base-pay increase, performance bonus, profit sharing plan, stock awards, company contribution to the employees retire plans.

The objective of designing the reward system is to generously reward the achievers that Meet their objectives, withhold rewards for those that don't meet their objective (striking the right balance between reward and punishment), and linking the rewards to the strategically relevant performance outcomes. Other effective incentive compensation systems include: Financial incentives are a major part of the total compensation package, incentives are extended to all employees, must be scrupulous objective and fairness, performance targets expected to achieve involve outcomes that can be affected by the person, payment time of the reward as short as possible and avoid rewarding effort instead of results.

In the case of Coldwell Banker, the reward system could be applied to the number of transactions completed for the agents. Also A bonus system for the IT department for the fewest number of the technical issue for a given period. Plus an Admin personnel a monthly reward bonus based on the fewest number of errors and the customer satisfaction reviews. Other non-financial rewards could be given for making the goals of the month with a pizza party, and even time off.

- Instilling a corporate culture that will promote a good strategy execution.

Coldwell Banker's corporate culture refers to the company's internal work climate. This work climate is shaped by the beliefs, shared values, ethical standards and even traditions. It is defined by ingrained attitudes, behavioral norms, style of operating and even accepted work practices. To identify the corporate culture, we need to look at the character or personality of the work environment. This can happen by viewing the actions of the company's values, ethical standards and business practices. It should also view the company's approach to people management, procedures, operating practices and official policies. Another area is to gauge the atmosphere and spirit that pervades the work climate. A good culture identifier is the interaction between managers and employees. This will show the relationship of how they communicate and respond to each in the workplace. Moreover, finally, the actions and behaviors that are encourages on a peer to peer basis. Coldwell Banker should give the current employees as well as the new employees the company's value statement along with a code of ethics that communicates the expectations on how employees should conduct themselves within the workplace. Coldwell Banker's stated core values and ethical principles will help define commonly shared convictions about how the company's business should be conducted. A company's stated core values and ethical principles should serve as yardsticks for gauging the decision, appropriateness of actions,

and behaviors. This will result in helping the company steer the company personnel in doing things right and even doing the right thing. A healthy culture will aid in good strategy execution by creating a High-Performance (can do) spirit and an adaptive culture(willingness to change). An unhealthy culture that would impede a good strategy execution would change-resist cultures, politicized cultures, Insular or Inwardly focused Cultures and unethical/greed-driven cultures and even incompatible subcultures. The upper management must be constantly vigilant and consistent to reinforcing the established core values, principles and practices of the corporate culture in order to promote a good strategy execution. The key steps to making a culture problem changes would include: 1) Identifying the facts that are good and not good for a good strategy execution, 2) specify the new behaviors, actions, practices that should be prominent in the new culture, 3) communicate freely about the problems with the current culture and 4) how the new behaviors will greatly improve company performance and 5) finally follow through with both symbolic and substantive actions that will ingrain the new set of practices and behaviors.

- Exercising the internal leadership that is needed to drive the strategy implementation forward. A popular technique used by management to see first hand on how the strategy implementation is moving forward by using the MBWA (Management by walking around) technique. Many businesses will have their CEO walk around and ask questions about the operations. This will help determine the managers that are truly in the trenches and engaged with the workings of the operation. The strategy will work for unannounced visits to truly see how the operations are being run and will give the CEO an unfiltered looking into the whole climate of the company. Another strategy would be to have the Upper Leadership anonymously plan to purchase or sell a home. This Upper Management Employee will be able to evaluate their experience from

beginning to end. The evaluation will help the executive determine the corrective adjustments that are needed to ensure effective strategic execution.

C2. Alignment

Coldwell Banker will require a series of actions in order to align the entire company's efforts towards the company's mission. The Vision Statement of Coldwell Banker is to provide the very best real estate services for everyone at the most affordable prices. We are dedicated and focused to saving people money so they can purchase the home of their dreams. Our Mission is to maintain the highest level service, most accurate and up-to-date information. This mission is also to explore new ideas, marketing strategies and technology. There are several different aspects of being able to align the actions we can take to company's mission. Some of these could include enhancing job performance, managing by objectives or by setting goals in a SMART (Specific, Measurable, Attainable, Results Oriented, Time bound) manner.

The acronym SMART has a number of slightly different variations, which can be used to provide a more comprehensive definition for goal setting:

S - specific, significant, stretching

M - measurable, meaningful, motivational

A - attainable, agreed upon, achievable, acceptable, action-oriented

R - relevant, realistic, reasonable, rewarding, results-oriented

T - time-bound, time-based, timely, tangible, trackable (Duncan Haughey)

Management by Objectives (MBO) is a great way to get all employees to participate in the decision, making, goal setting, and objective feedback. This type is perfect for getting every individual employee to "own" a piece of the collective effort that supports the mission.

The following steps will demonstrate the actions that should be taken closely to align the entire company's efforts to the company's mission.

Goal Setting

Goal Setting is designed to help the employees clearly to understand their organization's most important goals. In many cases, employees do not have clearly defined goals. In Coldwell Banker, every department and manager will have to help develop the goals needed to support the mission. A good way to accomplish this is to create two types of goals. One that addresses the Performance Outcome Goal and the other is a Learning Goal.

The performance goal should have clearly defined measurable end-results. In keeping with Coldwell Banker's mission, employees will have set-times to complete the transaction. The goals will be based on previous history of completion times of sales transactions. If the current transactions take five days, our employees must find ways to expedite the process. From the previous time savings, it could be applied to the next transaction which will quicken all transaction in the queue.

The learning goal should stretch the employee to learn, expand their creativity, as well as skill development. Employees should be encouraged attend company training classes as well as other forms of education. Each employee should attend a class that we expand their current knowledge, this include Office Application training, Management training, Marketing Classes and applications and even internal policies and procedures training. Coldwell Banker can create a merit system that acknowledges employees learned skillsets. Increasing the employees necessary skills will decrease the employees frustration and increase the company's production.

Feedback

Feedback is designed to help the employees get guidance to help improve their performance. Our company feedback to all employees should be both instructional as well as motivational. Feedback can come from both the management but also from the customers. It serves as a benchmark of what is working and what is not working. This communication must be based on the mission and vision objectives of Coldwell Banker. Coldwell Banker mission is to give the highest quality service, providing accurate and up-to-date information, skilled service and advice, cutting edge technology and marketing strategies. The mission statement should be the basis questions that the company needs to know. Each department will have its own individual feedback and communication process. The Marketing department will need to know if their advertising campaign is working or if there has been an increase or decrease in sales by the company. The IT department will need feedback on the equipment they are using and if there is an alternative that will provide even better service. Coldwell Banker's most important feedback is from a customer about our customer service and how they felt about their buying or selling experience. The customer's valuable feedback could help the company identify areas of strengths and weaknesses. Coldwell Banker hopes that the customer's feedback also mirrors the company's vision and mission statement.

C3. Motivation Theories

There are two theories of motivation that we could apply to Coldwell Banker that would help individuals as well as teams to achieve objectives. The fundamental concept is that employee motivation is higher when they are rewarded with rewards that are of value to them. However, it obvious that many CEOs receive salaries that are excessive even when they fail to lead their

company to growth or profitability. There are some companies that do try to understand that an effective motivation is one of the most important duties for management.

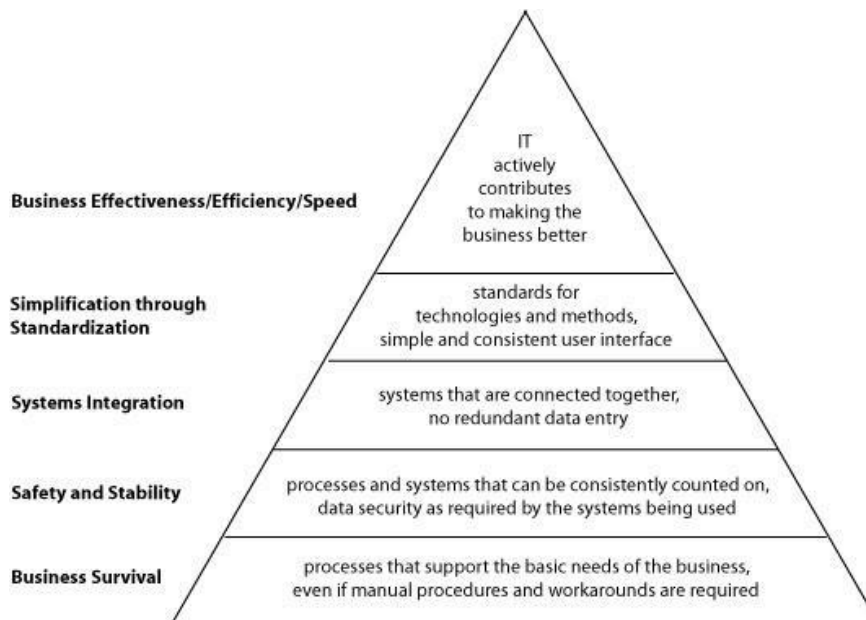
Motivation can be broken down into two categories. The first category is Content Theories Of Motivation. The Content Theories Of Motivation focuses on identifying the internal factors such as needs, instinct, satisfaction and job characteristics that can energize the employee. This category is limited because it does not explain how motivation is influenced by the dynamic interaction between the individuals and their environment. As a result, another category was needed.

The second category is the Process Theories Of Motivation. This theory addresses the cognitions influences of motivation and how internal factors influence employees motivation. It also has been noted that Process theories are more dynamic than the Content Theories. Many of the Motivation Theories that exist can be the place into one of the two categories above.

Content Theories	Process Theories
Maslow's Need Hierachy Theory	Adam's Equity theory
Alderfer's ERG Theory	Vroom's Expectancy Theory
McClelland's Need Theory	Goal Setting Theory
Herzberg's Motivator-Hygiene Theory	

For Coldwell Banker, the first theory of motivation that should be applied to help individuals and teams achieve their objectives is by using the Maslow’s Need Hierarchy. Maslow wanted to understand what motivates people. He believed that individuals possess a set of motivation systems unrelated to rewards or unconscious desires. This five stage model can be divided into basic (or deficiency) needs (e.g. physiological, safety, love, and esteem) and growth needs (self-actualization). (McLeod, 2007) Maslow’s Need Hierarchy presents two key managerial implications that should be consider by Coldwell Banker. The first one is to have

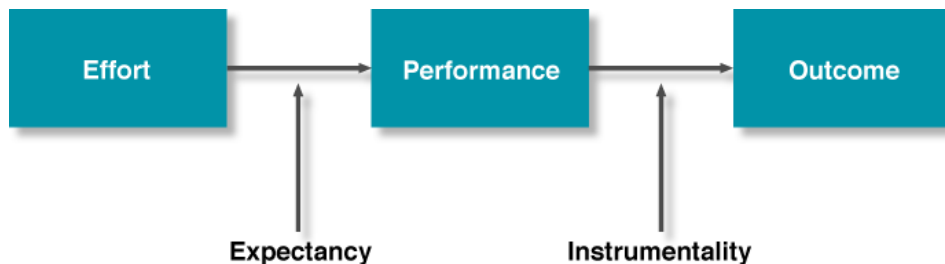
managers focus on the satisfying the needs of employees as it relates to self-concepts, self-esteem and even self-actualization. Employees satisfaction is greatly associated to a host of extremely important outcomes. When needs are met, those employees will be influenced and motivated to increase to reach the next level of the pyramid. An employee's satisfaction in know that their other needs are being met will be able to concentrate on other endeavors that could improve their work performance and the level of focus that they can devote to the company. Coldwell Banker could offer employees programs that have a step improvement strategy where the employees can achieve levels of rank and pay that would improve their position within the company. The company can create recognition awards to the employees that have successful met their goals. Once an employee has met their goal, the manager should towards other goals for the employee that blends their skillset into the company's needs. A structured growth program that includes paid tuition, training classes, manager mentoring programs, and even metric based bonuses. The second one is the motivation potential. Even though satisfied needs might lose motivational potential, our managers can devise programs or practices that could give the employee a purpose, goal or aim to meet the next level of their needs. This could be in the form of giving additional responsibility and greater flexibility in projects that parallel the company's objective. This can be done by having a meeting to discuss what the company needs are as far as manpower and allow those employees to pick and choose the task or product that they want to learn, work and solve for the company. It would result in employees ability to stretch and learn about their interests that will stimulate motivation and foster a corporate culture of motivation.



For Coldwell Banker, the second theory of motivation that should be applied to help individuals and teams achieve their objectives is by using the Vroom's Expectancy Theory. The theory suggests that although individuals may have different sets of goals, they can be motivated if they believe that: There is a positive correlation between efforts and performance, Favorable performance will result in a desirable reward, The reward will satisfy an important need, The desire to satisfy the need is strong enough to make the effort worthwhile. (Vroom's expectancy theory)

Vroom's Expectancy Theory is a Process theory that states the individual will determine the behavior to act a certain way because they are motivated by the expected results. The individual will select the behavior that will deliver the most desirable outcome. This expectancy theory is about the mental processes in regards to choice or choosing. Expectancy Theory is made up of three components. These components are Expectancy (effort > performance), Instrumentality (performance > outcome) and Valence (value placed on the rewards of the outcome).

The Motivation is a product of the individual's expectancy that a given amount of effort will lead to the intended performance. The performance will achieve a particular result which creates a desirability level or valence for the individual.



With the Vroom's theory, the setting of the expectation at 100% will discourage employees from attempting the project because no matter how hard they work on the project anything less than 100% will be viewed as unsuccessful. The motivation to work on this type of project would be very low. The expectancy must be realistic and achievable. Coldwell Banker could have an expectation that IT department have all of the systems and sites working at 100% all of the time. However, anything less than 100% of full operational success would only diminish motivation for the individuals in the IT department. Reasonable expectations should be expected, and the perceived probability of the result should be considered based on the behavior.

Conversely if the IT is rewarded no matter the outcome, they would not be motivated to achieve the goal of making the operations systems and sites as efficient as possible. Value must be established to maintain the constant motivation of our IT department.

Coldwell Banker must first make the employees believe that the goals are achievable (expectancy). They can do these two ways. The first way is to allow the employees to have input on the goal setting process. This can be done by giving them the facts and getting their buy-in on the expectation that needs to be achieved. The individuals in IT can create their own goals within the timeline/framework of the needs of the company. It would force them to create their own

achievable goals within the requirements of the company needs. The second way is to ensure that the employees have the tools and reward system to help them achieve the goal. This could be through continued education; updated equipment and resources to acquire the state-of-the-art equipment. The reward aspect should be in the form of a bonus if the project is completed ahead or on schedule. The bonus amount should also be in the amount that would trigger the motivation force of the IT department to reach the company's desired outcome.

C4. Organizational Considerations

In order to successfully execute the strategic plan, we must look at the organization considerations for structuring the work effort. There are five key organizational considerations that Coldwell Banker must be aware of for successfully executing the strategic plan.

- 1) Coldwell Banker must decide on which value chain activities are to be performed internally and which activities should be outsourced. Coldwell Banker could notice considerable benefits by outsourcing in lower costs, increased strategic focus, decreased internal bureaucracy, quicker decision making, and more efficient arsenal of organizational capabilities. The company can outclass rivals in performance by turning core competence into a distinctive competence. Coldwell Banker should focus on a select few value chain activities where effective performance will increase for those activities. This would mean that Coldwell Banker should look to outside specialists that can perform those specific needs at a lower cost with equal or better quality. Coldwell Banker could look to have the data processing of the listings into the systems to be done data entry service companies. This would free up the time of data entry by employees so they could concentrate on activities that require their higher technical

- skills or decision making responsibilities. Another advantage of outsourcing is that it can create partnerships for Coldwell Banker. This can build leveraging partnerships that could contribute to the company's arsenal of capabilities and add to a better strategy execution. These partnerships can bring in more customers, cultivate additional relationships with their partners, build brand loyalty, support, and commitment. Individual companies realize that they can not compete with a well-managed network of supply chain partners.
- 2) The making of internally performed, strategy-critical activities the main building blocks in the Coldwell Banker organization structure. Coldwell Banker needs to focus and build their organization structure around the key centerpiece building blocks that are geared towards the proficient performance activities. As Coldwell Banker continues to grow, the company will evolve into one of many different organizational structures. The four most common organizational structures are simple structure, functional structure, multi-divisional structure and the matrix structure. The simple structure would work for Coldwell Banker if the company was small in size. The simple structure is the most effective with line-and-staff structures, but decisions are coming from one executive overseeing the operations. In the case with Coldwell Banker, this large company would bottleneck in the decision processes and slow reaction times for the company. A better organizational structure would be a functional structure. This would allow departments to manage themselves and department headers would report to the CEO for actions. This would free the CEO to concentrate on the main issues without having employees waiting on the CEO decisions. However, Coldwell Banker could have problems with the cross-functioning cooperation and coordination between

the departments. Coldwell Banker needs a better system than this for the flow of information between departments. Another organization structure is the Multi-divisional Structure which is a decentralized structure. While these Multi-divisional Structures are able to act independently, they also are typically responsible for their own profits. Coldwell Banker does use Multi-divisional structures because it allows them-forms to pursue diversification into other global markets. Coldwell Banker has a global strategy where having divisions must adapt to the diversification of markets, customer groups, product lines, geographic regions and technologies. This strategy does address the various customer groups and their value chains. By placing division managers in those various locations, this lowers the costs of coordinating division wide activities while allowing the very top management to handle the diverse and very complex operation. The issue that Coldwell Banker has with this multi-divisional structure is that each divisional runs to the beat of their own drum. This inhibits cross-business collaboration and fails to capture cross-business synergies. Coldwell Banker can resolve this issue by turning the company structure towards a matrix structure. A matrix structure is a combination of two or more dimensions for the purpose of improving cross-unit communications, coordination, and collaboration. This structure overlays other structures that create multiple reporting relationships where a manager could report to several supervisors. Coldwell Banker could benefit by having this composite type structure where teams are pulled together to accomplish a task that might require several different divisions cooperation and coordination. In the case of Coldwell Banker, Marketing should support IT by giving them information about the technology the competition is using. They should also have

IT give support to Marketing on letting them know the capabilities and equipment needed to make the strategic goal a success.

- 3) Coldwell Banker needs to decide how much authority to centralize and how much to decentralize. Since Coldwell Banker is a very corporation, it would not be advantageous for the company to have a highly centralized structure. The advantages of a Centralized structure is that the accountability is through tight control from the top, eliminates conflicts because it comes from the top, makes for strong leadership in a crisis. However, approvals take longer, weakness encouragement of responsibility by lower level managers and reduce initiatives by the employees. A Centralized structure would not work because the company has thousands of employees in various locations with various responsibilities that would be hard to monitor by a few at the top. As a result, Coldwell Banker should towards decentralizing organization structures that put the authority closest to the ones familiar with the situation. This would encourage more Coldwell Banker employees to take more initiative as well as act responsibly. In the case with Coldwell Banker with decentralization, the IT department would show more motivation and involvement in the business operations. It could also cause the IT department to spurs new ideas, suggestions and creative thinking that could support the strategic plan. The only concern could be the lack of “Full Control” by upper management. However, if the company is closer to a Matrix structure, the overlapping of same strategic initiatives by different divisions would help higher management quickly to identify any possible bad decisions or problems in the strategic plan. If upper management in Coldwell Banker can handle a possible impairment of cross-unit

- collaboration by decentralizing the organization structure, it renders the company ability to respond extremely quickly to market change.
- 4) Coldwell Banker can also capture the benefit of having a Cross-Business Strategic Fit in a decentralized structure. The company must be careful with giving the business unit heads the full ability to operate independently. This is to prevent any overlapping or duplication of processes or product technology development. The typical best solution is to have the Technology, and Marketing Systems endeavors centralized where it could serve the interests of both the individual offices, individuals and the company as a whole. This same type of centralization of activities can also be applied to sharing a common system network, marketing campaign and materials, as well as websites and internet/intranet communication channels. Decentralizing the divisions but centralizing the activities would be the best solution for Coldwell Banker.
 - 5) Coldwell Banker can also apply the organizational consideration of collaborating with suppliers and strategic allies. When Coldwell Banker engages in strategic alliances, outsourcing arrangements, joint ventures and partnerships with other companies, it will immediately notice the immediate opportunities for future possibilities. Coldwell Banker can build organizational bridges with other companies. It would allow for multiple cross organizational ties that would ensure proper communication and coordination of activities. It is highly recommended that the company still monitors the services from suppliers by creating a relationship manager. This would ensure that all conflicts, issues, trouble spots and changes are properly communicated between the two companies. The company should look into other companies that offer IT services, Online services and Contract Management Systems to see if the services already exist

without having to create it by our company. Once these companies are located, Coldwell Banker should look into developing stronger core competencies and organizational capabilities that will fit our company's own circumstances. This would give our suppliers and strategic allies capabilities-building challenges that would encourage them to work along our company to make our activities more efficient and valuable.

C5. Organizational Characteristics

The following current and emerging organization characteristics could contribute to the successful execution of the company's strategic plan. Every organization has the same common characteristics of hierarchy of authority, division of labor, spans of control and line & staff positions. Coldwell Banker is like many typical organizations that are open systems and are highly dependent on the environment for survival. Currently, the company is a top down organization with a hierarchical organization. This top down process of decision making gives limited communication at the bottom level. The limited level of input in the decision making process has the worker bees feeling disenfranchised and cause them to contribute only what is necessary. The company is however trying to change this process because they are noticing the value of lower management ability to contribute and provide vital information that can help the company learn and grow. This company is becoming a learning organization that acts proactively to create, acquire, transition knowledge and even modify behavior to adapt to the new knowledge and insights of new technology and marketing strategies. Coldwell Banker is constantly staying abreast of new business technology while marketing that information to clients to maintain a strategic advantage. To stay abreast to this new technology, IT as well as Managers are

encouraged to take web training classes that would help improve their skillset that could be applied to the company's benefit in the future. This company wants to move towards a more matrix organizational structure with a decentralized collaborative empowered workforce. Since the economy has been unstable the past several years, the company should become more organic (flexible, decentralized), unlike the mechanistic (bureaucratic, centralized) organization. With the organic organization, the company will be able quickly to respond to the customer demands. In combination with a matrix organization, Coldwell Banker can deliver the advantages of functional and divisional structures. This can be accomplished by having superior managers that can communicate extensively, build commitment, develop collaboration and effectively negotiate the established goals or plans that are consistent with Coldwell Banker's organizational strategy. Coldwell Banker can maintain organizational effectiveness with goal accomplishment, resource acquisition, healthy internal processes and achieving satisfaction for all of the key stakeholders. The successful execution of the strategic plan can be accomplished with innovation (expediting the current process of the sales transactions), invention (create new programs that currently don't exist to make the home buying and selling easier for the customer), creativity (finding a new process that would help create something or unique) and integration (getting all of the employees on board to pursue the goal, project to its fruition).

C6. Corrective Adjustments

When making corrective adjustments, there are several different approaches that leaders could use to during the execution of the company's strategy. During the process of management, we are constantly making corrective adjustments and changing the ways we do things. The reason

for doing this is because we want to do it better. Making these corrective actions successful is a four step process.



The first step is a thorough analysis of the situation. Coldwell Banker needs to know is going on in their operations and be observant to what is going on. If this is a crisis, then taking remedial action fairly is essential. The second step is to use good business judgment in deciding what actions to take. This would require the company to examine the data closely and determine which options are going to yield the best outcome. The third is to have a good implementation of those corrective actions to achieve sustainable results. Most managers prefer to take an incremental solidifying commitment approach to action. This gives them the ability to make corrective actions that are proactive and reactive changes. It also should be noted that each situation presents a unique set of required corrective actions which are situation-specific, and there is no generic procedure to follow. The right corrective actions are required in order to have a

successful conclusion. The fourth action is to circle back around to do an analysis of the results in the implementation to help further determine the impact the decision. All of these adjustments are cyclical and require constant improvements as time goes on.

Coldwell Banker should create a feedback system for every transaction that the client/customer can fill out about their experience in the home buying and selling process. This online survey can be a quick few questions with the options for comments. These feedback comments should go back to Marketing where they can do the data gathering and analysis. All of the customer's feedback should present patterns on the adjustments that need to be taken by the company.

These adjustments could include customer service, the transaction experience and the value of the company (would they do business again with the company). A decision must be made on how to promote the corrective action. The corrective actions could be coaching by management, more positive incentives, more negative incentives, additional training, improved scheduling and policy procedures, compensation practices, revamping of the job description and even the possible replacement of personnel. The adoption of the agreed decision will require the manager to be action oriented and make-the-right-things-happen. The manager will have the challenge to lead the organizational change, get the company back on track rather quickly, create or reinvent the business processes and manage to motivate their people to achieve the company's performance targets. When the manager's decision is questioned, they should always refer to Coldwell Banker's company vision statement to understand the company's future strategic course of action.

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