



COMPANY PROJECT

GLOTRON 2020

Presented by Something

something



Important Notice:

For the recommend view of this document, please click on this button to view the digital version on-line:



**Click here to
Read Online**
(Recommend)

Alternatively please find the PDF version below.

For this document to view correctly, please make sure your PDF reader is set to view a two-page spread.





“The difference between **something** good
and **something** great is
attention to detail”

-Charles R Swindoll

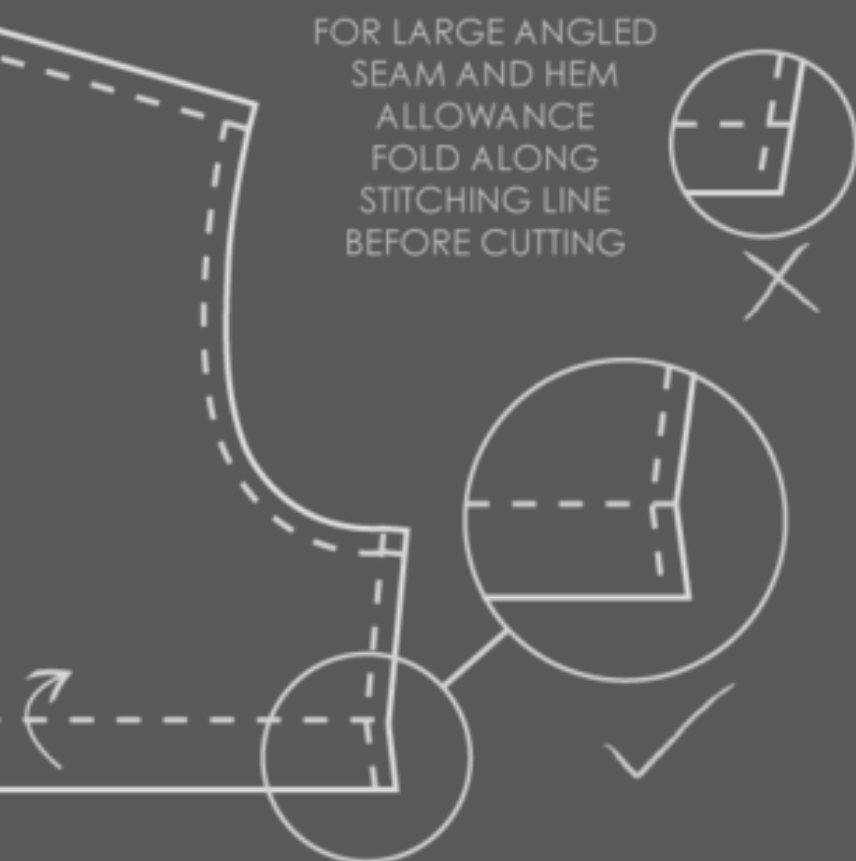
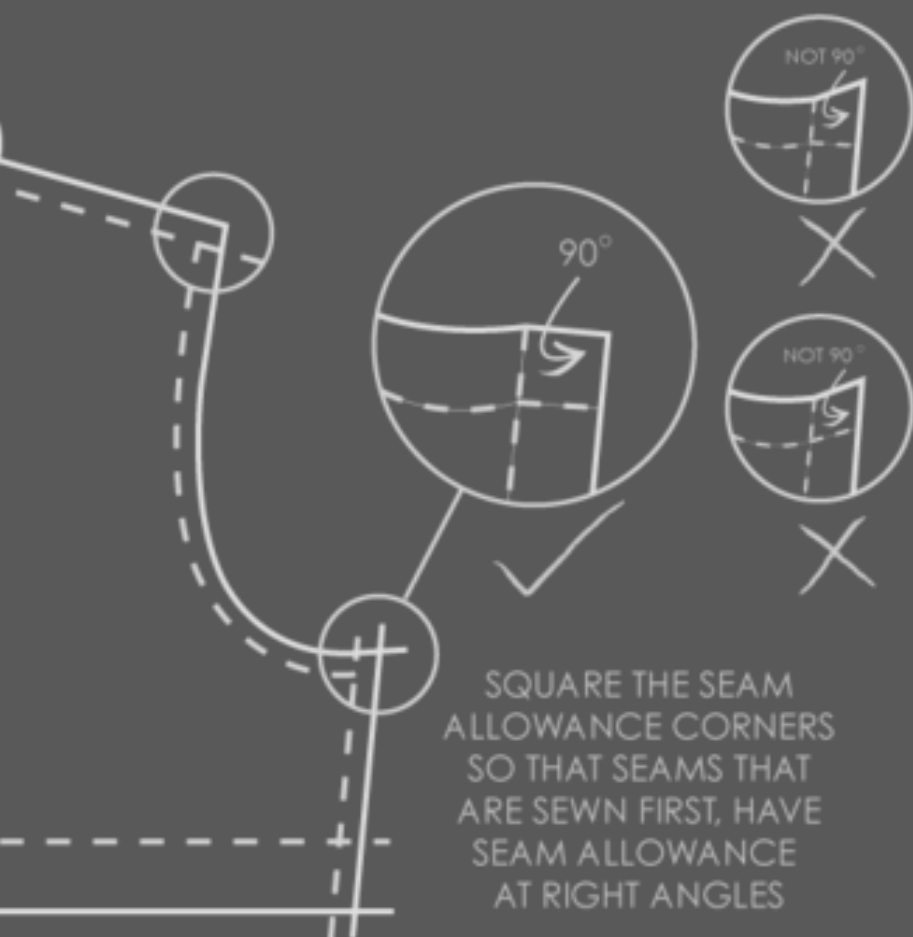


COMPANY PROJECT

GLOTRON 2020

SHELDON ROSTON	12874949
CHRISNA LLOYD	10729968
INNOCENT SHURO	31551084
RYAN FERNANDES	12663271
ELIZE VAN ASWEGEN	28242459
THERESA BOWEN	21631123

something



Executive Summary

Small and medium enterprises are essential contributors to the economy. According to the Banking Association of South Africa, they contribute to 91% of formalised businesses in South Africa, provide 60% of the labour force and their total economic output accounts for 34% of GDP. Due to slow economic growth, these enterprises were already under pressure before COVID-19 struck.

Due to COVID-19, business confidence in South Africa reached a record low of 5 since the RMB/BER Business Confidence Index started in 1975. Business confidence is measured by surveys from around 1800 executives across the five main trade sectors and can vary between 0 and 100. Zero Indicates an extreme lack of confidence and 100 absolute confidence.

This study aims to do a thorough analysis of the different aspects and sectors of Glotron. Different strategic decisions made in the past were examined to provide insight into the development of future business strategies to support growth and sustainability for Glotron. An internal and external analysis of the current state and strategies of Glotron were done. Different business strategies were then explored to be able to provide Glotron advice on the most suitable and feasible strategies for the respective sectors.

With an already fast-paced, ever-changing digital world, where customers are used to instant service, the implementation of quarantine due to COVID-19 was like fuel on the fire for digital development. During this challenging and changing times, where we are constantly reminded to get used to the “new normal”, it is not only necessary but crucial to adapt and adopt to ensure that businesses like Glotron survive this crisis.



TABLE of Content

CHAPTER 1: GLOTRON CASE STUDY

Introduction.....	1
Background.....	3
Strategic decisions taken:.....	5
<i>Marketing strategies</i>	5
<i>Financial strategies</i>	5
<i>Sales Strategy</i>	5
<i>Operational Strategy</i>	6
<i>Competitive Strategies</i>	9
<i>Human Resource Strategy</i>	9
Problems identified.....	11
Business Model Canvas.....	13

CHAPTER 2: EXTERNAL ANALYSIS

Introduction.....	15
Global Risk Analysis.....	17
NDP – National Development Plan 2030.....	21
Industry Analysis.....	23
<i>Unique Products and services</i>	23
<i>Competitors</i>	23
<i>Key Economic Features</i>	26
<i>Competitive Forces</i>	26
Porter Five Forces.....	29
Industry Lifecycle.....	31
Competitor analysis.....	33
Pestle Analysis.....	35
Conclusion.....	35

CHAPTER 3 : INTERNAL ANALYSIS

Introduction.....	37
Internal Resource Analysis.....	39
Core Capabilities Analysis.....	41
Core and Distinctive Competence Analysis.....	41
Internal Value Chain Analysis.....	44
<i>Strategic Choices</i>	47
Culture Analysis.....	49
Financial Analysis.....	52
<i>Profitability Ratios</i>	53
<i>Liquidity Ratios</i>	57
<i>Leverage Ratios</i>	58
<i>Activity Ratios</i>	59
Risk Analysis.....	61
Integrated SWOT Analysis.....	65
VRIO Analysis.....	67
Conclusion.....	71

CHAPTER 4: STRATEGIC FORMULATION AND IMPLEMENTATION⁶

Introduction.....	73
Setting Glotron's Objectives.....	75
<i>Glotron's Vision</i>	75
<i>Glotron's Mission</i>	75
Glotron's Core Values.....	77
New Business Model Canvas.....	79



Competitive Analysis.....	82
Evaluating Glotron's Environment.....	84
Setting Qualitative Targets.....	85
Setting Qualitative Targets.....	85
<i>Glotron's Critical Success Factors</i>	86
<i>Glotron's KPI's per area</i>	87
Aiming in context with the divisional plans.....	9
<i>Human resources aspect</i>	89
<i>Financial Aspects</i>	91
<i>Leadership Management</i>	93
<i>Operations Management</i>	95
<i>Risk Management</i>	97
<i>Entrepreneurship Management</i>	101
<i>Technology Management</i>	102
<i>Marketing</i>	103
Strategic Choices.....	107
Gap Analysis and Action Plan.....	109
Conclusion	127
Refrences.....	130



Chapter 1

Glotron Company Analysis

As the verse in the New Testament of the Bible reads: *"It is like a mustard seed, which is the smallest of all seeds on earth. Nevertheless, when planted, it grows and becomes the largest of all garden plants"*, many of the world's biggest and most successful companies started surprisingly small. From Amazon to Facebook, their beginnings started in a small humble space like a garage. Such is the story of the Company Glotron, which started in the living room, with one domestic sewing machine, but with the faith of a small mustard seed succeeded all odds.

Glotron, situated in Potchefstroom, has been servicing the Corporate Clothing and Gifts market since 2002 and aims to be a One-Stop Corporate Clothing and Gifts shop. With nearly 10 000 products to choose from, they have a credible track record of advising their client base with the best approach on corporate products and branding options. The entity has access to more than 7000 products in the Corporate Gifting market, making them a supplier of choice for all spheres of business also being

involved in import and export of clothing and gifts. Their client base includes big companies such as Mittal Steel, Sasol, Denel and universities all over SA. The staff complement of Glotron currently comprises of thirty-five individuals in their manufacturing unit, as well another ten within their retail shop and administration departments.

As a preferred supplier to large and small entities, they are renowned for excellent service and have the motto that *"no project is too big or too small"*.



The big question that one may ask is "What makes Glotron special?"

With a humble farming background from Glotron's management partners, with no formal business education, passion and dedication in business, anything is possible. The secret to this organisation's success is that the aspect of their service delivery and the products that they offer.



Glotron clothing factory can manufacture more than 5000 garments per month, and in the process, they provide 35 jobs within the local community. They strive to manufacture 75% of clothing within their premises. They also have an in-house branding division specialising in embroidery and sublimation printing. For projects which they cannot perform in-house, make use of outsourcing to other credible branding Companies. This may include elements like screen-printing, pad printing and laser engraving.

Glotron's vision statement is to create job opportunities and to become the most prominent and most influential in their market. Their mission statement is phrased as *"to provide the best service to our clients by producing high-quality products at reasonable prices, always deliver on time, and to show integrity"*.



Glotron manufactures and supplies the following range of clothing:

Formal and informal Corporate Wear, including tunics and accessories.

Sportswear for Netball, Hockey, Rugby, Athletics, Kickboxing, Swimming, Fishing and Cricket needs. Including socks and bags.

Outdoor and leisurewear from durable and tested textiles for lodges, farming communities and tourism operators.

Protective Wear: such as overalls, Hi-visibility garments and shoes, catering and cleaning industry wear as well as security wear.

School wear and school tunics.

Event clothing for massive and small events.

”

h and experience, management confirms that with
they stay personally committed and involved in every

Background

Glotron was founded in 1991 by the now former owner then still a student studying and selling clothing part-time. Susan Kershof, one of the current partners of Glotron, started making clothes for this Company in 2002. She made the garments in her living room with one domestic sewing machine, which she provided to Glotron ready-made.

Her excellent sewing skills lead to the development of a factory, Bushmen Clothing in 2004 situated in Parys, mainly to deliver Glotron orders. This cut on transportation costs and improved on logistical planning. Bushmen Factory, which was started together with Susan's husband Daan Kershof, was growing by tremendous rate and led to provide about 40% of the clothing of Glotron.

The furthermore aimed to use this factory to create jobs for the previously disadvantaged people.

Later in the same year, Bushmen clothing moved their factory to Potchefstroom so that business could be conducted on the same premises as Glotron. During this period, Boomerang Embroidery was also started when Glotron decided they should provide embroidery in-house instead of outsourcing it to other organisations.

In 2007, three years later, Susan took the great leap of faith and purchased Glotron from the original owner; however, continued to rent their premises. The purchase of an industrial embroidery machine. Allowed them to expand their business on a considerable scale, allowing them to provide branded garments to their clients in a cost-effective manner. They also purchase a sublimation printer, which allowed them to digitally print directly to garments, and in return opening more doors within the industry and towards diversity in line of products they can offer.

2008 was a particularly useful year in the history of Glotron, as they provided Corporate Gifts for Mittal SA, to the value of one million Rands. They also coordinated the importation of corporate gifts to the value of R 600 000.00. Sadly, the celebrations and optimism were short-lived as in the same year the global economy crash-dived.



1991:

The business was founded in 1991 by the former owner then still a student studying and selling clothing part time

2003:

Started Bushmen Clothing Factory in Parys doing mainly Glotron orders

2002:

Susan started making clothes for Glotron

2008:

Moved to Potchefstroom

The management of Glotron did not give up; they continued to work hard for the sustainability of their business in those troubled times.



A year later they embraced the silver lining to the dark cloud of the economy for South African business as they awaited the delivery of FIFA 2010.



Glotron also strategically moved their clothing shop to the Fine Living building situated in town. They were henceforth cutting overhead costs with R 9 000.00 a month.



Funds generated from this prosperous period allowed Glotron to buy their first property in 2010. This agricultural holding situated outside of town was the perfect premises to accommodate the ever-expanding factory.



Other highlights in the history of Glotron includes the manufacturing of Laërskool Mooiriviers' school clothing from 2014. In 2017 they purchased their second property which now accommodates their clothing shop.



2007: Susan bought Glotron. But kept on renting the premises.	2009: RSA experiencing a positive climb in Business confidence due to FIFA 2010.	2013: Glotron starts manufacturing Laerskool Moorivier school clothes.	2018: Glotron partner up with NME Clothing
2004: Susan bought Bushmen property, moving to Potchefstroom. She kept on renting the premises as Glotron.	2008: Big Corporate Gifts contract for Mittal SA. Global Economy crashed.	2010: Glotron purchase 1st property, an AH which accommodates the factory. Clothing shop moved to the Fine Living building.	2017: Glotron buys its 2nd property which now accommodates the Glotron clothing shop



This shop is centrally situated in Potchefstroom town, in a lovely old wooden floor house, which is easily accessible by their clients. In 2019 they partnered with NME Clothing which will allow them to expand their clothing range as well as capacity to deliver goods to their clientele.

PARTNERSHIP

This partnership is currently working towards their long-term goals: To be sustainable in this current economy, without failing to provide quality and specialised service. They aim to be significant: thus, attract the right client. Lastly, they aim to embrace service-oriented business opportunities that deliver recurring clients by assisting them in making a difference.

Strategic Decisions

Made in the Past

The Glotron partnership is currently working towards their long-term goals which are:



Glotron has learned to evaluate their competitive environment, identify their role, build competitive advantages and recognise emerging competitive threats. To maintain this competitive advantage, they gave put in place some strategies to ensure they continue their dominance in the market. Listed below are some of the strategies decisions that they have made.

Marketing Strategies

Glotron promotes them with initiatives for advertisement and marketing.



SOCIAL MEDIA

In 2015, they created a Facebook page where some finished garments and update school clothing stock are showcased from time to time. It has been observed that those business pages are frequented as much by unsatisfied customers as by satisfied customers. Very few satisfied customers make an effort to go back to a webpage to promote their products. So, this page becomes a moan and groan page of specific customers that are not satisfied and can become a disservice on the internet marketing initiative. The Company is aware that this area is one of our most significant untapped opportunities to enhance visibility.



WEBPAGE CREATION

Glotron decided to develop a webpage on which all their products are posted. Clients are often referred to the webpage, but there is no business promotion via targeted outgoing mails.



MARKET DEVELOPMENT

Glotron created a new group of customers when they started manufacturing of Laërskool Mooiriver's clothing in 2014. Susan and her team of 2 sales reps did more intensive marketing in the wake of the 2010 World Cup, but it was soon clear that it was an exaggerated campaign. The Company did have big contracts, for instance for Chubby Chic to manufacture Bafana lookalike golf shirts but very few other companies followed suit. They then intensified our marketing to schools and other sporting events hosted by NWU and SA Rugby/Varsity Cup to contract enough work for their expanded Manufacturing capability



Financial strategies

The economy as an influence: The downward trend in the economy from 2008 in South Africa caused the closure of around 80 000 businesses per year. This is visible if one notices the increasing number of empty business premises in town, as well as industrial sites. Furthermore, Glotron is competing against cheap imported garments which furthermore reduce market segments. This element influences their current business situation. The only way to survive that economic crash was to cut costs and diversify the market. Glotron then decided to retrench two members of their personnel being the embroidery manager and a sales rep. The receptionist, and the admin person resigned after being suspected of stealing cash payments. The leftover sales rep had to do reception as well, and management took on extra responsibilities.



Sales Strategy

In 2017, they purchased their second property which now accommodates their retail clothing shop. This shop is centrally situated in Potchefstroom town, in a lovely old wooden floor house, which is easily accessible by their clients.

Operational Strategies

Flexible Manufacturing Strategy

Glotron aims to satisfy customer demand for limited orders and fast lead times. The Company functions with the versatility needed to satisfy its customers' demands and the inherent ability to respond to rapid changes in the apparel industry. Their overall strategy in the past 18 years has been to stay sustainable. With their quality and manufacturing diversity as they manufacture every type of garment from underwear to Jackets. They do their in-house branding and recently invested in state of the art sublimation equipment to be able to compete on every level of this market. The Company do it in-house to maintained cost lower instead of outsourcing and losing control of the process and quality.



Strategic Alliance:

In 2019, they partnered with NME Clothing which allowed them to expand their clothing range as well as capacity to deliver goods to their clientele. FIFA 2010 - In 2009 the organisation was blessed with a few more significant contracts and decided to Co-opt another smaller Clothing factory so that this new “partner” could run the factory while Susan embarked on a full marketing plan. This plan was in line with the expectations of a 2010 World Cup. The last contract for 2009 resulted in us expanding our factory to the outside of the building, working in two big army tents for three months.



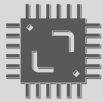
Investment strategy:

In December 2009 they moved the showroom to beautiful easily accessible new premises at the corner of Rivier – and Retief streets in Potchefstroom. The factory was moved to the agricultural holding outside of town as they had renovated a huge workshop into a sewing facility. Those moves cut the fixed costs on the property by 30% but increased transport costs by 100% to get our workers to the new factory. Nevertheless, paying for their wholly-owned property was more cost-effective than renting.



The Eskom conundrum

Eskom the country's power utility has embarked on rolling power cuts which have affected all aspects of South African industry. Glotron is not exempted from this challenge as they have had to find ways of averting loss of production due to power cuts. To ameliorate this problem, they have invested in a generator to power their machines. However, powering through the use of diesel-powered generators, triple the cost of production as compared to working with power from the national grid.



Influence of Technology on their current business:

The development and implementation of technology is an expensive investment in any organisation. For Glotron it was the expansion to a range of sublimated clothing. Sublimated clothing has transformed the sporting market since 2015 and subsequent the corporate market as well. Glotron approached various sublimation clothing suppliers in order to outsourced projects. However, they were not reliable. In 2018 Glotron decided to expand their factory, by acquiring the machines needed in order to produce their sublimation clothing. This influenced the product range they offer currently in a big way, as they can produce top quality beautiful designs for our clients. The technology the acquired provided them with a competitive advantage over their competitors.



Manufacturing strategy:

To keep abreast with changes in fashion, Glotron follows trends, instead of dictating it and adopting the appropriate manufacturing strategy within the market context. The Company is currently using patterns for garments which were designed 16 years ago, because of reoccurring fashion styles. Materials change and get more advance; however, styles resurface, and within this market, they need to be able to adapt accordingly.





Differentiation strategy: “We do not imitate”



Glotron has a culture of focussing mainly on individualism in a business/organisation/entity; as opposed to many of their competitors who operate on supplier's catalogues and thus focuses only on the price. Through product customisation, the quality speaks for itself. The industry is always competing with another industry in producing a similar substitute product. Hence, all firms in an industry have potential competitors from other industries. This competition takes a toll on their profitability because they are unable to charge exorbitant prices. Substitutes can take two forms – products with the same function/quality but the lesser price, or products of the same price but of better quality or providing more utility.



Competitive Strategies



Differentiation strategy: “No order too small”

In terms of competition, what set Glotron apart is that they consider the business, no matter the size of the order is: They aim to assist a client and does not show anybody away. They are dependable and deliver when they say they would. They also aim to satisfy the needs within the South African market. The influx of imported Chinese goods makes it easy to buy, brand, and sell as a middle man, often home, which eliminates high factory overheads. Often these goods are up to 50% less expensive than to purchase goods from South African manufacture. What put Glotron apart is they can develop and manufacture a quality product that makes the customer

Differentiation strategy: “We do not do cheap”



Glotron adopted the company slogan “We do not do cheap” leading to ultimately costlier product lines. The Company’s hands-on involvement and commitment in their factory have resulted in products consistently being the best quality in Potchefstroom and of the highest standard in the whole of RSA. That comes with a price tag as it costs much more to achieve such quality. Glotron believes that their reputation is worth much more, and therefore, they invest in quality. Considering the sustainability factor, their products are not unaffordable and compares very well when “apples are compared to apples”. Price has been a significant factor for consumers since the beginning of the trade. The Company has lost various contracts and / orders because of price and for large orders they have had to drop the price extensively. The Company steers off the competition with “cheap competitors” working from their homes and hurting the industry and thus avoid cheap customers. Glotron goes by the logic that there are enough customers that know that quality lasts longer and ultimately cost the Company less



Human Resource Strategy

To reduce labour costs, Glotron has embarked on in-house hands-on training and skills development. Using this strategy, they empower their employees with skills and get value for money in terms of remuneration and employee contributions.



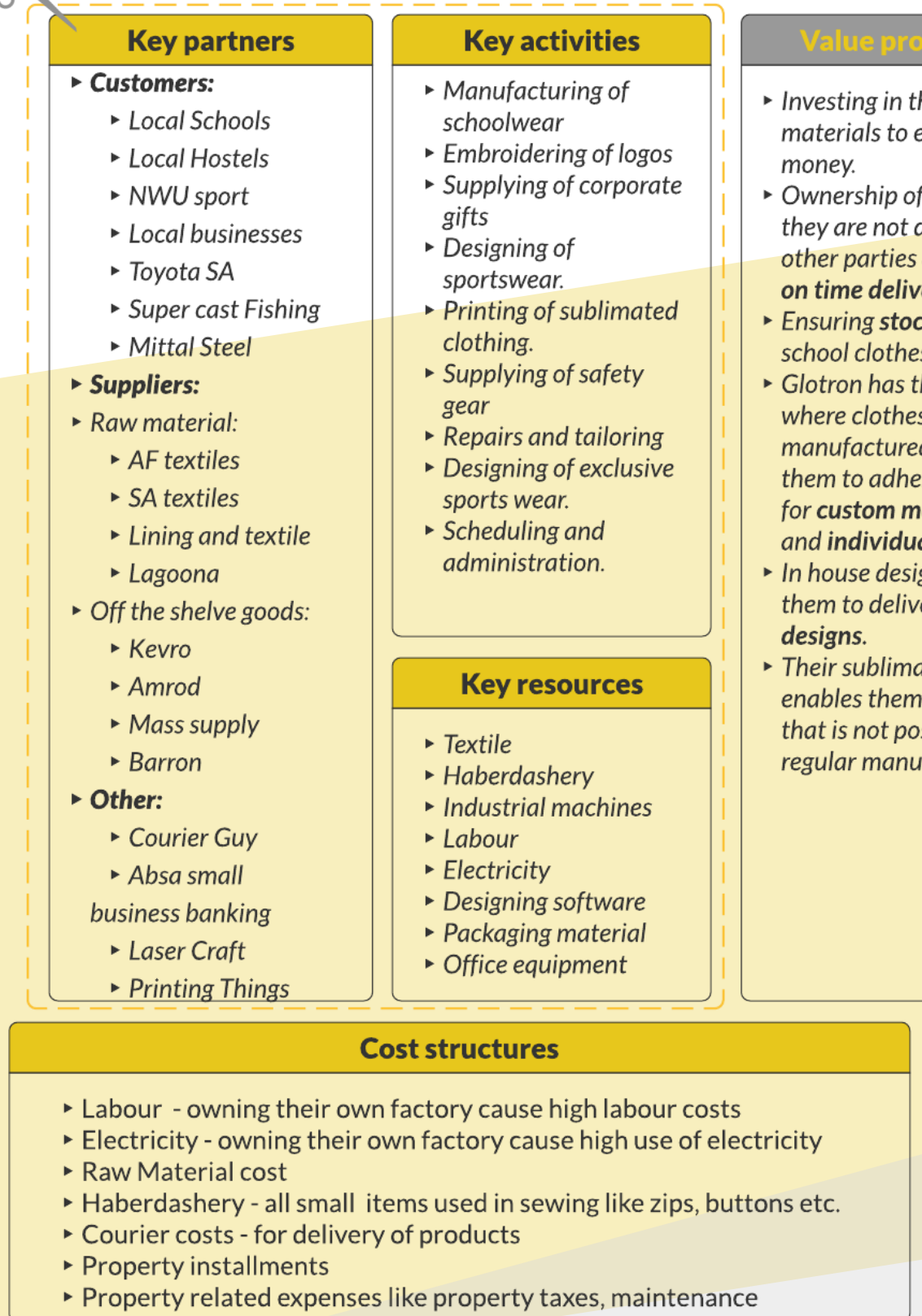
Problems identified:

Labour costs – Rigidity is visible in labour law and strengthened in the South African Clothing and Textile Workers Union (SACTWU), a compelling union movement. The labour law ensures that it is not possible to lay off idle and unproductive workers even in 'loss times.' The clothing industry is forced to pay hourly wages and cannot bargain with piece work (cost per garment) as labourers then abdicate in the middle of a project and force your hand with not being able to deliver on time. Labour is expensive, and the Minimum Wage structure results in high costs even at the packing table. In their opinion, productivity in the RSA labour market is non-existent and with labour rights out trumping employer rights.

The current only solution to this situation is a membership to various civil rights groups and employer organisations to ensure the business stays within the law. These memberships are, of course, a costly option but the only option to be able to stay open.

Glotron is threatened by the Communist Political laws in SA, which currently do not support white-owned businesses. Many factors like BEE, Unions and wage regulations jeopardise the profit of many manufacturing businesses. Glotron is forced to keep the business as small as possible not to attract attention. Because of these laws, they are also not allowed to do business with municipal, provincial or national government structures, national/big businesses or any business connected to the government.

As a manufacturing business, we have very high overhead costs. We have never been able to exceed the lowest turnover amount set by the government as criteria for the law to implement BBBEE. We do not do business with companies that require us to be a BEE partner business. We are too small for that. We found that there are enough businesses that request quality instead of BEE certificates. We therefore also do not market our products to any local/provincial or National government structure or related structure.



Propositions

ne best **quality**
ensure value for

f factory ensure
dependent on
and can ensure
ery

k on hand for
s
their own factory
s are

d, this enables
re to requests
ade products
al sizing.

gner enables
er unique

tion printer
to print **designs**
ssible with
facturing.

Customer relationships

- ▶ Customers expect enough stock on hand.
- ▶ Dedicated personal attention and assistance
- ▶ Customized designs and sizes.
- ▶ Quality and affordability of products

Channels

- ▶ One on one contact is the primary channel through which Glotron communicate with their customers and suppliers.
- ▶ 95% of their customers are acquired by word of mouth.
- ▶ Only 5% of customers are acquired by external marketing.
- ▶ Facebook
- ▶ Website

Customer segments

Most important customer groups:

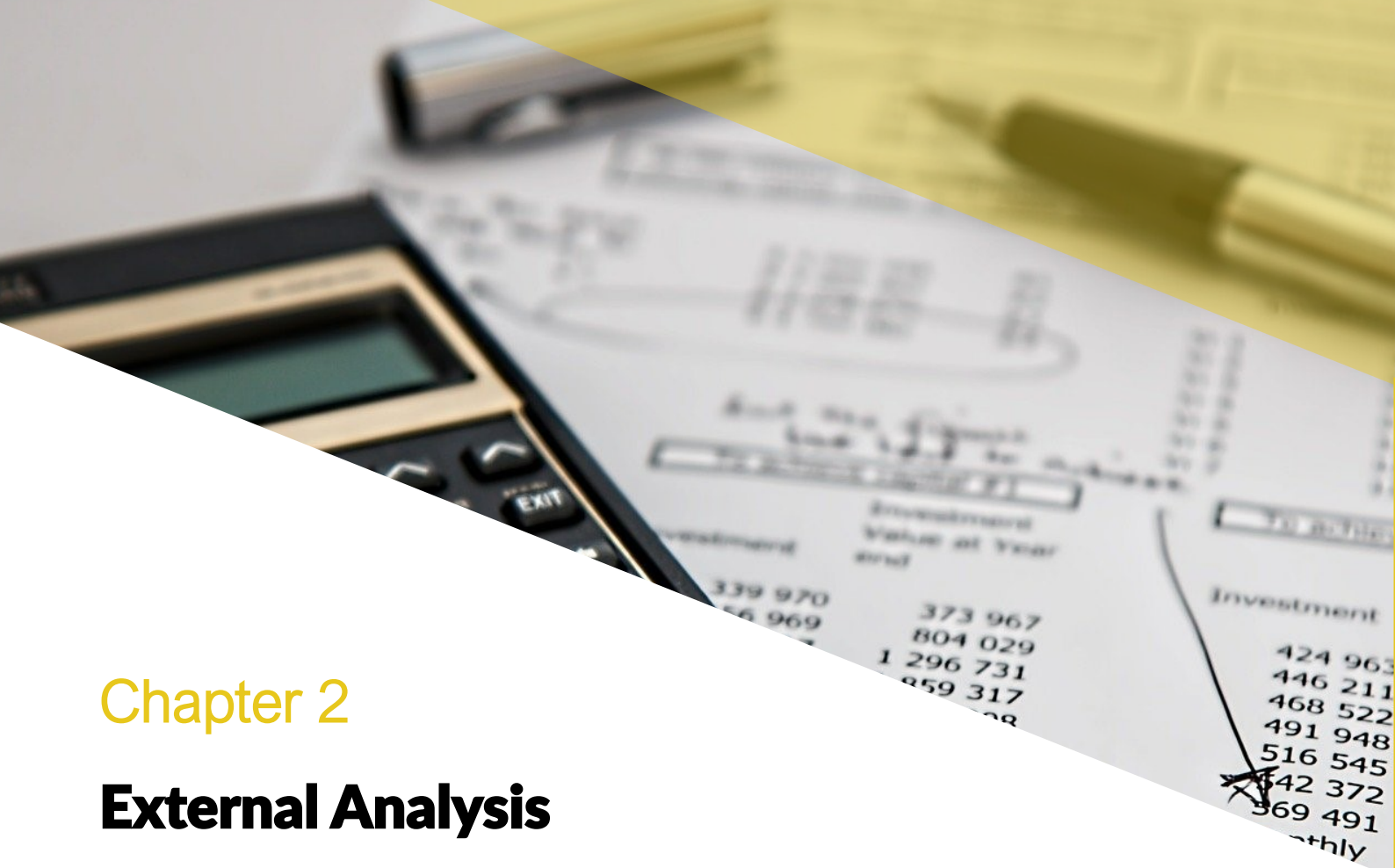
- ▶ Companies - corporate wear
- ▶ Schools - Local schools' schoolwear and sport wear
- ▶ Sport bodies - Local university clothing for hostels, sport bodies.
- ▶ Most of Glotron's clients are local.
- ▶ Industrial factories using safety gear.

Revenue streams

- ▶ 30% of the revenue comes from direct sales to walk in clients at the shop and is mostly school clothing.
- ▶ 5% of the revenue comes from recurring sales from partners that act as an agent. For example, advertising companies.
- ▶ 65% of the revenue comes from projects where customised cloting is ordered in big quantities, example hostel T-shirts.



Business Model Canvas



Chapter 2

External Analysis

Introduction

Business forms an integral part of the local community, society and the global world.

Global and macro content **analysis frameworks are essential tools** for businesses and leaders to evaluate the corporate responsible citizenship status of an organisation.

External analysis is a snapshot to examine the industry environment and include factors such as competitive position, dynamics, history etc. On a macro scale, the external analysis includes macroeconomic, global, political, social, demographic, and technological analysis.

The primary purpose of the external analysis is to analyse and understand the potential impact of global and macro external trends and developments and determine the threats and opportunities in an industry or any segment

Glotron operates within the textile industry. The textile industry Report of 2018 stated that: Sales of manufactured textiles were worth around R25bn during 2017, with finished textile products accounting for some R14bn. Although seeing a marginal improvement in the textile trade balance, the South African sector continues to be reliant on the export market.

Imports, particularly from China, remain a matter of concern. In general, the industry is characterised by a relatively high number of small and micro-enterprises as well as informal operations.



“ If you torture the data long enough, it will confess.” – Ronald Reagan



By 2017 the observation was made the only certain firms were in the position to employ more than 150 people in operation.

The top five companies in the textiles- tiles sub-sector is accounting for around 40% of income. The sector is relatively labour- intensive and more than 31,000 people, including a high number of women, are employed (Bekker, 2018).

Glotron supplies corporate gifting and the Manufacturing of clothing for various clients ranging from corporates, general organisations, sports organisations and various education sectors within Potchefstroom as well as the outlying areas in North West and other areas of South Africa.



Strategic thinking in Glotron led to specific actions by top management to maintain a competitive advantage in their dominant market, as an example:

Flexibility in Manufacturing, and following trends

Location, agricultural holding for ever-expanding factory

Alliance with NME Clothing to expand clothing range and capacity

Invested in a generator to reduce the loss of production

Technology advancements, like the expansion of sublimated clothing and social media

Global Risk Analysis

Understanding world problems and challenges, as example climate change and trust erosion. This can be used as foundation to build and tackle future opportunities/uncertainties.

"The possibility of loss, injury, or other adverse or unwelcome circumstance; a chance or situation involving such possibility."

Oxford dictionary

From finance to politics, and science to the arts, experts are trying to find the best answer to how we can get real on risk. However, solutions require that we well-understand the problems.

This section deals with the issues and challenges facing Glotron clothing company which present risks to their operations. This review explores Glotron employer's perception of the problem areas of the clothing industry faced by these small business owners and the effect these factors have on the broader community. The key issues facing the employer are presented. These aspects were used as the basis in the questionnaire to extract



Economic Factors:

Due to the present macro-economic environment that the country is experiencing, Glotron is faced with the following challenges: declining client base; restricted textile availability as some textile companies have closed shop; restrictive an unavailable labour market; high cost of capital equipment which is compounded by the weakened Rand. An increasing amount of businesses that close and lay-off people result in a considerable influx of new and desperate competitors that damages the market with cheap promises and no delivering.

Glotron, as all other small business enterprises are also enormously affected by the COVID-19 Pandemic. During the lockdown, only essential services/sectors were allowed to operate, causing a stagnant, further declining economy with a definite rise in unemployment. There is also a possibility of local mills and preferred suppliers that might close down during this crisis and beyond. South African citizens mostly adhere to the Presidents pro-active plea to stay at home, maintain social distancing.

Labour Costs:

Rigidity is visible in labour law and strengthened in the South African Clothing and Textile Workers Union (SACTWU), a compelling union movement. The labour law ensures that it is not possible to lay off idle and unproductive workers even in 'loss times.' The clothing industry is forced to pay hourly wages and cannot bargain with piece work (cost per garment) as labourers then abdicate in the middle of a project and force your hand with not being able to deliver on time. Labour is expensive, and the Minimum Wage structure results in high costs even at the packing table. In their opinion, productivity in the RSA labour market is non-existent and with labour rights out trumping employer rights.



Tariffs on Imported Fabrics:

Imported Textiles are costing more than imported ready-made garments due to import tariffs. The situation at the Ship port customs departments is causing havoc with imports due to Customs members holding containers to ransom for bribes before it can be released.





The Eskom conundrum

Eskom the country's power utility has embarked on rolling power cuts which have affected all aspects of South African industry. Glotron is not exempted from this challenge as they have had to find ways of averting loss of production due to power cuts. To ameliorate this problem, they have invested in a generator to power their machines. However, powering through the use of diesel-powered generators, triple the cost of production as compared to working with power from the national grid.



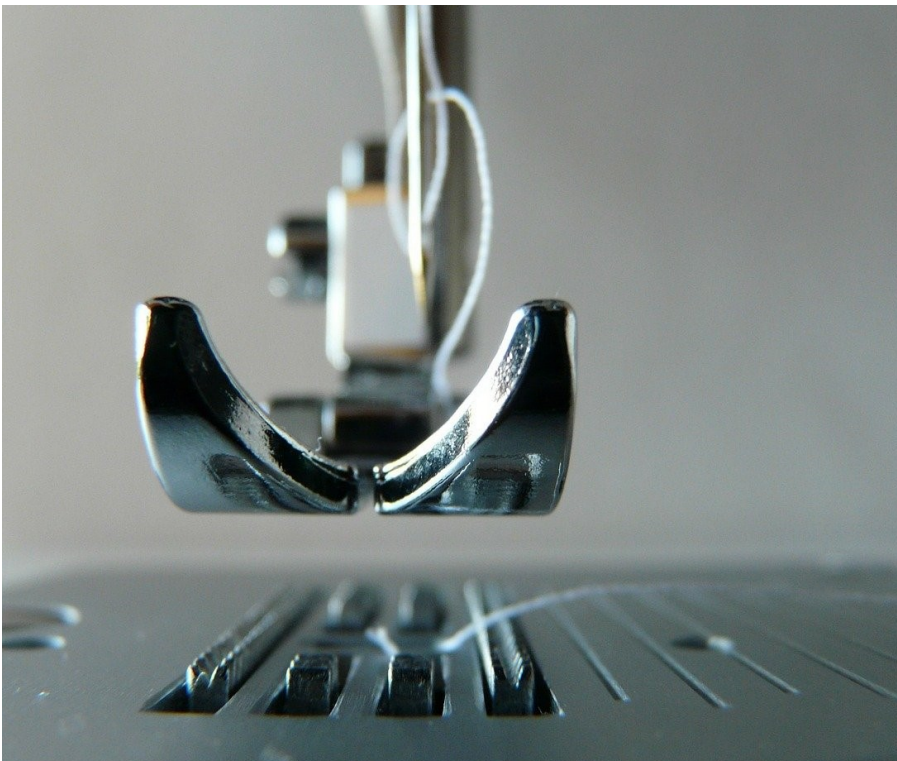
Environmental impact

Globalisation can cause significant damage to property, infrastructure and the loss of human life. We all should rethink the way we produce and consume energy, food and water and prepare for a changing world.



Technological development:

All technological developments need to be imported to Africa as no equipment is manufactured locally. The import price is directly negatively influenced by the weak Rand resulting in specific components of the industry like socks and jersey Manufacturing to close down due to old machines. All spare parts need to be imported, and quality parts suppliers are becoming less due to second derivatives and copies being imported from China. Machinery has developed a lot in Europe and Asia, but due to the cost of importing these machines, they are not available on the South African market. New equipment can reduce labour costs by raising the efficiency of multifactor production. Acquisition of some of these machines results in a considerable decrease in labour requirements as it is automated, resulting in improved productivity and profit margin.



Limitations for Management:

Management is heavily involved in daily operations and logistics, ensuring that the products reach their customers. This is very good for their client and supplier relations; however, it does potentially impede the time available for strategic planning and analysis of critical factors impacting the business. Their management has vital qualities that are beneficial to the business, and that could have a more significant impact if their roles are better defined, their characteristics enhanced. Measurement tools are put in place in order to provide essential strategic assessments and decisions effectively.

Exposure to other opportunities or businesses within the same sector may create opportunities for new learnings and improved networks that could benefit the managers or organisation.



The Asian Factor

The primary value proposition of Chinese-made clothing is the quality of its finishing, which in the Company's view, outstrips locally-made products. These products, however, compare well with the quality that hundreds of illegal and legal factories in Johannesburg supplies. These Bangladeshi and Pakistani factories push out thousands of substandard garments into the market. Some of Glotron's competitors rely heavily on the China malls, and these mentioned factories for their businesses as they lack their factories and do not commit to a quality product. They have experienced it time and again when asked to quote on specific garments for big clients. The fact of the matter is the "competitor" supplier gets the deal due to a ridiculously low price, delivers the substandard garment and kills the market as that client is shocked out of any further such deals again.





Product affordability

The Company's hands-on involvement and commitment in their factory have resulted in products consistently being the best quality in Potchefstroom and of the highest standard in the whole of RSA. That comes with a price tag as it costs much more to achieve such quality. The company slogan is "We do not do cheap" leads to an ultimately costlier product. Glotron believes that their reputation is worth much more, and therefore, they invest in quality. Considering the sustainability factor, their products are not unaffordable and compares very well when "apples are compared to apples". Price has been a significant factor for consumers since the beginning of the trade. The Company has lost various contracts and / orders because of price and for large orders they have had to drop the price extensively. The Company steers off the competition with "cheap competitors" working from their homes and hurting the industry and thus avoid cheap customers. Glotron goes by the logic that there are enough customers that know that quality lasts longer and ultimately cost you less.



E-commence Factor

Glotron have a webpage on which all Glotron's products are posted. Clients are often referred to the webpage, but there is no business promotion via targeted outgoing mails. The Company also have a Facebook page where some finished garments and update school clothing stock are showcased from time to time. It has been observed that those business pages are frequented as much by unsatisfied customers as by satisfied customers. Very few satisfied customers make an effort to go back to a webpage to promote their products. So, this page becomes a moan and groan page of specific customers that are not satisfied and can become a disservice on the internet marketing initiative. The Company is aware that this area is one of our most significant untapped opportunities to enhance visibility.





NDP - National Development Plan

2030

The National Development Priorities of South Africa sets out a vision for 2030, where they stated the intent to improve the livelihood of all fellow South Africa citizens. The plan creates the following focus areas for cooperation with the government:

For Glotron focus areas identified are:

Job creation

Young people not interested in minimum pay,
locals not interested in more responsibility.
Workers allowed to do private jobs in lunch hour.

AIM: Global impact: more profitability, less unemployment.

Expanding the economic infrastructure

Expansion of inhouse capability with purchase of huge sublimation machine, small machine cater for smaller jobs. Investment in LED motor machines enable electricity saving. Also considering a huge generator and solar power.

Clean, renewable energy

Identified that waste can be used for boxing bags, pillows & low cost bedding. Current waste 4x210L drums full of off-cuts per week.

AIM: Improved productivity & utilisation.

Inclusive planning

At home, contract basis township woman employment with "old machines". Investment in premises closer to the township as well as re-locating the factory at a later stage. Consignment stock of branded workwear range, especially for lodges & farms. The display of kids clothing in more local shops.

Quality, education for all

Local empowerment & skills training

AIM: To enhance capability, support the local community & sustain livelihoods

Quality lifestyles & Healthcare

Promote active lifestyles. Ensure that staff & consumer safety remain a priority. Regular Mobile Health clinic visits to assist with productivity & staff motivation.

AIM: Create a sense of purpose and belonging.

Fight corruption

Ensure compliance with relevant regulations.

AIM: Promote values of justice in the workplace.

A capable state serving its people

Serve country through empowerment.

United nation

They seek to cross boundaries in everyday living.

AIM: Encourage social integration at work.



Industry Analysis

General industry analysis relates to industry trends that can have strategic implications and lead to opportunities and threats.

Industry trend applicable to Glotron can include changes in who buys the product, new product innovation, changes in technology, marketing innovation with consumer preferences and changes in lifestyles. Industry uncertainty and business risk is also a key trend, especially taking into account the impact of the COVID-19 Pandemic. The strategic implication of rivalry in Glotron's landscape will be intense, affecting profitability. This Pandemic will lead to developing in-house capabilities to meet and exceed customer needs.

Industry research is a method for industry estimation, which corporations and researchers use to consider a sector's business dynamics. It allows us to develop a taste about what happens in an industry: production figures, the degree of rivalry between business and other developing sectors, the outlook for the future of Manufacturing, taking into account developments in technology, the credit structure in the sector and the impact of external influences on the business

Industry:

An industry represents a group of firms that produce or deliver that same product/service that can be described as close substitutes. An industry thus serves the same need of the same type of customer.
Example of industries is Glotron, Best Clothing etc.



Geographical scope of competition:

Most of Glotron's clients are local, but they do have customers outside the Potchefstroom boundaries and within a larger area of South Africa.
Most competitors are local.



Participants:

Participants in the industry identified as buyers, suppliers, substitutes and competitors. .



Buyers:

Glotron have three buyer groups, a variation of client types as well as different industries and sectors:

Corporate gifts: North-West University, Agreeco and SGS

Clothing: See list of buyer groups in the category.

School wear: Mooiriviers Laërskool School, Baillie Park Primary School, Potchefstroom Gymnasium and Volkies High School



Suppliers:

Most Glotron Suppliers are Gauteng based. They believe firmly to have face-to-face interactions to build trust and relationships and to address problems. Long-term relationships are built, and the suppliers understand their business needs. Their priorities are addressed when needed, and assistance is outstanding with their trusted suppliers. Glotron have supplier groups in the following categories:

Textiles and Haberdashery: AF Textiles, SA Textiles, Lagoona and Lining & Textile

Printing: Printing Things, Laser Craft, Digital IT, In-house branding of Kevro and Amrod

Corporate gifts/Shelve goods: Kevro, Amrod, Barron and Mass supply.

Other: Courier Guy and Absa Small Business Banking.



Corporate Gifts

Over 10 000 items available

Technology Gifts

Supplied from major corporates: Amrod, Barron, Perkal, Brandability, Captivity and many more

Generic Products and services



Embroidery & Printing



Manufacturing



School Wear

Sublimation - own printers

Embroidery - own machines

Printing - own equipment and other suppliers

SMC - Special make up

Sports wear & Active Gear

Corporate clothing:
Office
Outdoor
Safety

Repairs & tailoring

School Uniforms

Sports wear

Accessories - bags, caps etc.

Corporate Clothing -
Staff and Coaches

Unique products and services to Glotron



Example of substitutes for Glotron is:

Amrod, Barron, Perkal, Brand ability, Creative Brands, Captivity, The Cap Company and Headwear 24. They supply many competitors and even directly to organisations.

POTENTIAL ENTRANTS:

Many backyard businesses start-up, which affects them as they lose customers. Most of these are only temporary as they fail and leave the industry. This situation creates inconsistency and detracts from their relations and customer consistency.

Competitors:

Glotron predominantly operates within the Potchefstroom area, although it does have different clients in various other areas. Their perceived competition can be depicted as follows:



There are large amounts of substitute products or similar products and businesses that pose a threat to their business from the Gauteng area more than the Northwest area. This business distribution is spread 25% and 10% split for these regions. This is primarily due to corporates who have imported products that supply this industry, as well as direct competitors from corporate gifts to clothing.

Their primary focus is supplying the Potchefstroom and outlying areas and forms the most substantial part of income and their business contributing to the sustainability of their business. They have a business in other parts of the country servicing some corporates and other businesses, this is important for them and is seen as additional business and an additional benefit for the business.

Their five main competitors, in the ranking of importance, are Best Clothing, No Limits, Puki Shop, Wanted Clothing and Certain T-shirts. All other competitors are highlighted under section.



Competitive Forces:

Industry research is a method for industry estimation, which corporations and researchers use to consider a sector's business dynamics.

It allows us to develop a taste about what happens in an industry: production figures, the degree of rivalry between business and other developing sectors, the outlook for the future of Manufacturing, taking into account developments in technology, the credit structure in the sector and the impact of external influences on the business. The competitive forces for Glotron will be discussed in detail.

Identifying dominant

Key Economic features

Industry characteristics	Facts-based description	Strategic implication
Market size and growth rate (Hough <i>et al.</i> , 2011)	Slow market growth. The market size, mostly pre-ordered contracts Potchefstroom 50% North-West 35% Other 15% Formed partnership with NME Clothing.	Increase sales to present customers and or pursue total available market by building and prioritising a healthy pipe-line. Intense rivalry, Partnerships/Acquisition gain added experience and provide a pool to strengthen resources.
Industry market/growth rate	The Industry is growing especially at schools and universities. Various marketing strategies used by rivals. Pop up rivals, working from home to save on overhead costs.	Still much scope for business development. Form differentiation alliances and invest in marketing. Refer to integrated SWOT analysis in Chapter 3 regarding external opportunities.
Industry life cycle (Hough <i>et al.</i> , 2011)	They are classified between shakeout and maturity phase. They invested in facilities, new equipment and various technologies. School wear and COVID-19 masks were identified as their latest product innovations.	Improve value chain efficiency Streamline cost/processes. Add more sales promotions Re-engineer admin – technology Flexibility and expanding capabilities After COVID-19 when business is more stable, and finance is available – acquiring a rival company?

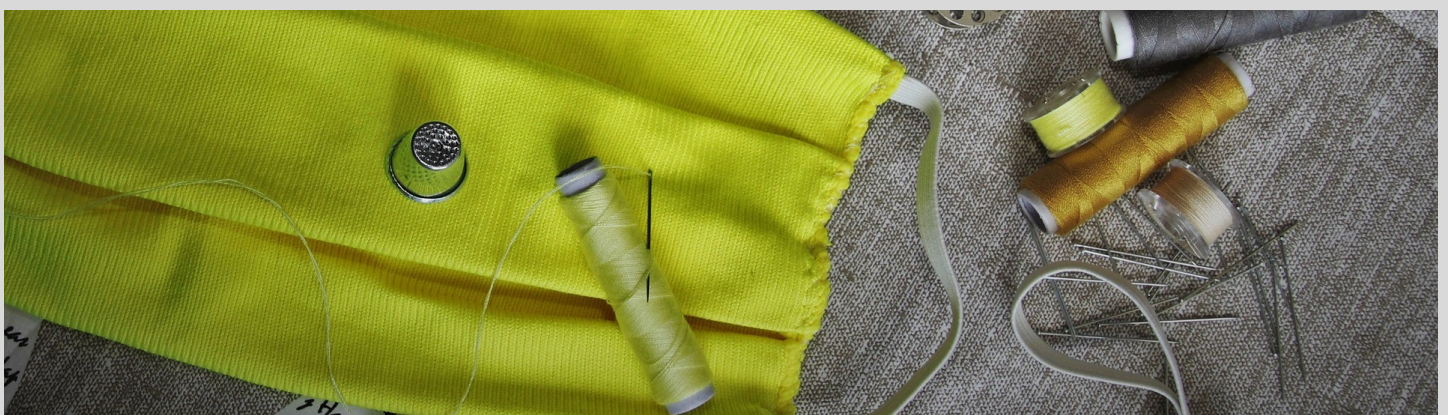


Identifying dominant

Key economic features

Industry characteristics	Facts-based description	Strategic implication
Nature of competitive rivalry in the Industry (Hough <i>et al.</i> , 2011)	The Industry is fragmented by dominant large companies like schools and NWU with a few small, walk-in customers. Rivals using fancy campaigns, overpromise/under deliver. Customers expect “quick fixes.”	A reasonable period of consolidating rivals? The proper plan needed for the execution of market campaigns and handling additional workload to meet and exceed customer expectations.
Capacity shortages and surpluses	Competitive advantage: Local factory with differentiated product offerings. The fluctuating, mostly declining rand, increase product cost.	Dependant on supply and demand.
Industry profitability	As a competitive strategy, Glotron absorbs textile cost fluctuations. It is limited to no price increases.	Impact profitability and gross margin. Labour cost and overheads are increasing.
Entry/exit barriers	Vulnerability competing against low quality, low-cost products and overheads that is readily available. Essential requirements are a trade business registered with suppliers.	Lower overall cost by some rivals that can cater to a broad section of the market. More is less.
Product is a big-ticket item for buyers	Product initiative is key: Marketing is essential. School wear is used as an attracting tool for other product offerings. Customer needs to be catered for, as example selling tracksuit items separately. Annual buyer stock guaranteed. Trade supplier stock discontinued, only used when Glotron not in a position to manufacture.	Big brand marketing campaigns attracting annual branded work wear clients, school parents and potential customers, like contractors, event planners and sport clients Annual branded work wear clients. Consider bargaining power in case of large volume purchases.
Standardised products	Most rivals use standard trade supplier catalogues to enter the market. These are normally good quality products. Some supplier uses substandard imported imitation job lots with very low selling prices.	Substandard quality products offered by rivals causing heightened price competition. Under quoted rival offerings closes the door to the specific client for unlimited timeframes.

Industry characteristics	Facts-based description	Strategic implication
Rate of technology change	The change is not so rapid for manufacturing. Most old machines can manufacture new fashion garments. Capital investment for technology advancements (gets cheaper for upgraded models) are considered to differentiate and cater for fashion changes and to set Glotron apart.	Many start-up businesses get the latest technology to “buy” their market segment! Outsourcing considered to cater as per demand - during mass production periods.
Capital requirements	Running capital is needed to cater for labour and other operating expenses. Second-hand machines are reliable and cheap. Catalogues free of charge. Small capital requirement during normal conditions to cater to small/not deposit orders. They, unfortunately, had to take a loan by being affected by COVID-19.	Many enter with a BMW and exit with a city golf!
Vertical Integration	A one-stop shop to ensure quality, local manufacturing and direct personal customer experiences. Glotron have the flexibility to fast track orders with no minimum manufacturing quantities.	Strengthen resources towards a competitive advantage. Proposed winning strategies will be presented and discussed in chapter 4.
Economies of Scale	Recruit right from the start – the acquisition of skills, knowledge and ability is time-consuming before economically sufficient. Factory can cater to 50 manufacturing staff. Proper labour planning to ensure workforce productivity and staff retention.	Competitive advantage if Glotron can produce more becomes more efficient and productive and lowers cost as a result. This will be discussed in more detail under the proposed operation strategy. At this stage, Glotron operates with 35 peoples whose capability can be expanded with expanded working hours as 3-4 different, but simultaneous product lines can be run. This can cater for a large order with a current lead time between 4 – 6 weeks. There is also the flexibility to repair, sample and fit sets.
Rate of product innovation	A highly skilled (dressmaking & engineering), talented and experienced company director collaborating with an experienced and qualified tailor/foreman to differentiate and set Glotron apart. Patterns are designed using years of practical experience. Glotron is at the forefront of quality product development, but empowerment and skills transfer to sales reps are essential.	The focus of the directors to be on strategic direction and less day to day activities. More innovations are essential to show knowledge, experience and endurance. These strategic initiatives will be discussed later on.



Porter Five Forces

We now move into a competitive analysis of the industry. Market structure and competitive environment are defining factors in the future success of a business. Several factors influence the level of competition and the profitability of firms the industry; this also includes fluctuations in the economy and rise of digital technology demand in the market (Porter, 2008)

Power is in the hands of the customers in this era, and therefore the focus of the brands is also on crafting a better consumer experience.

Several forces are affecting the market position:

The intensity of industry rivalry. It measures the level of concentrations of rivals. Factors to determine the intensity of industry rivalry include product homogeneity, brand loyalty, and consumer switching costs.

The threat of potential entrants. It measures the difficulty for newcomers to enter the industry. Factors to determine **barriers to entry** include brand loyalty, excess production capacity, and government regulation.

Bargaining power of buyers. It measures how much power consumers have in determining the prevailing price in a market. Buyers' bargaining power is high when buyers are abundant and concentrated, and buyers' price sensitivity is high when there are many industry competitors and substitutes.

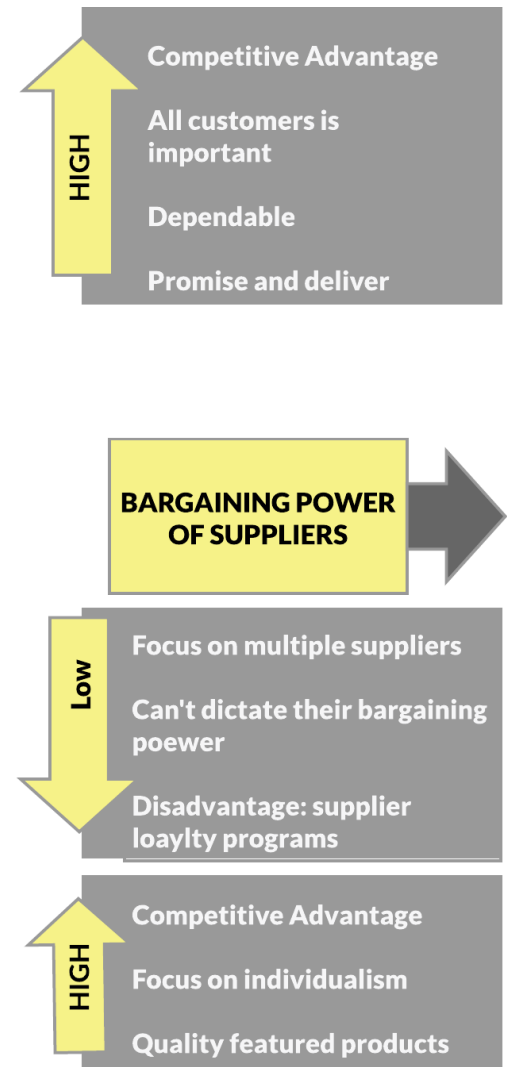
Bargaining power of suppliers. It measures how much a supplier of materials can restrict the Company's business strategy. The **bargaining power of suppliers** is classified (concentrate). Purchasers' price inelasticity is high when there are few alternative suppliers and when there are few substitute inputs.

The threat of substitute goods/services. It measures the chances that competing goods of a similar nature will threaten a company's offerings. It is more likely to occur when switching costs are low or when substitutes offer superior price to performance characteristics.

Power of complementary good/service providers. It measures the level of impact of companies that produce complementary products on other firms. Complements add value to products in an industry. If complements are weak and unattractive, they can become a threat that slows industry growth and limits profitability.

Rivalry among existing firms, potential entry, and substitutes represent horizontal competition among current or potential future firms in the industry, taking into account jointly related products and services. Buyer power and supplier power depict vertical competition in the value chain Figure depicts Porter's five forces applied to Glotron.

The Five Forces analysis for Glotron shows that there are a few threats and little supplier bargaining power with a market near saturation. Buyers have large amounts of indirect power to bargain with, plenty of choices and many competitors already present in the market

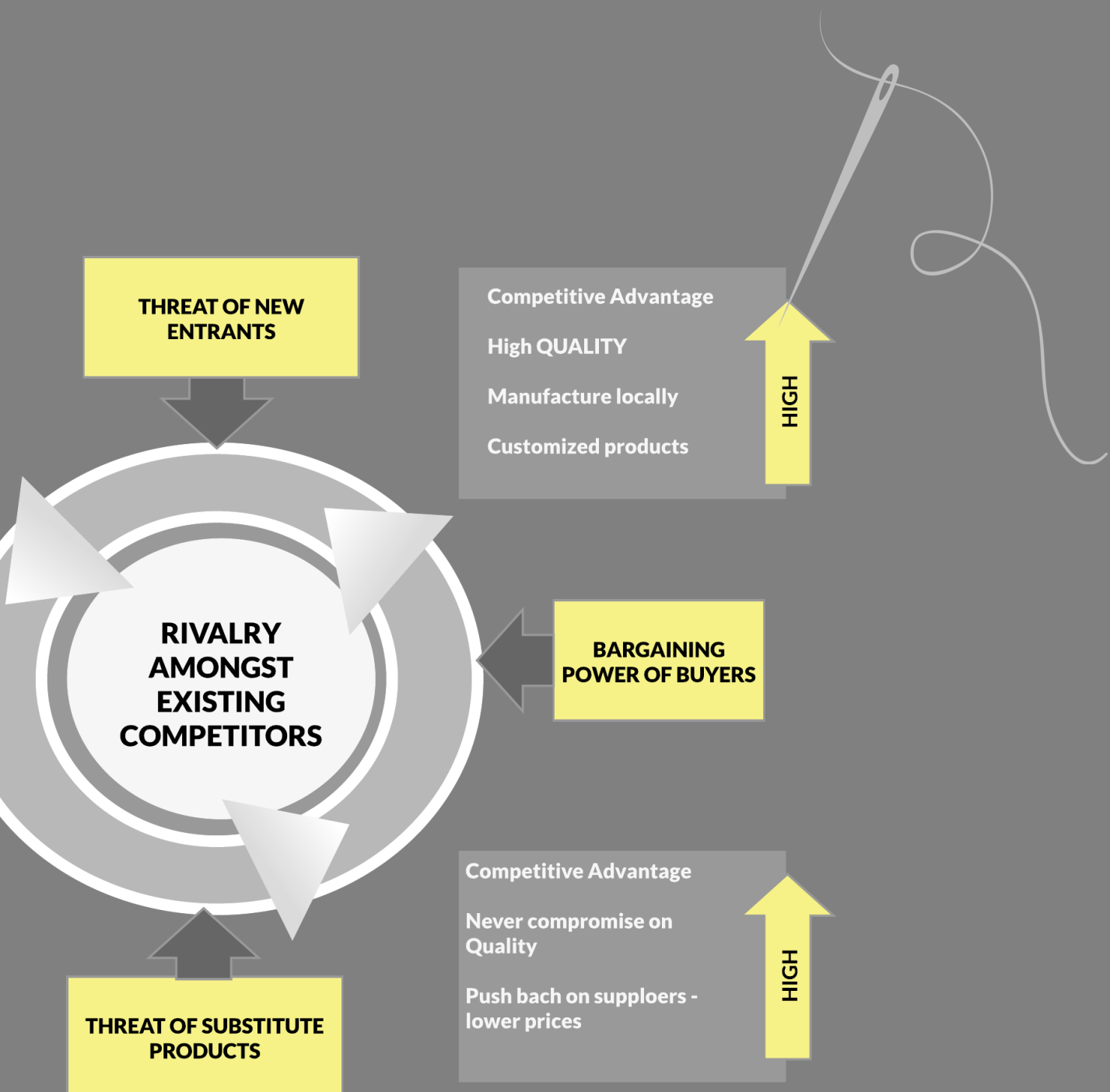


Future changes for Glotron in each force might be:

A firm with little competition tempted to raise prices

Goods from a different market competing with your products or services

Customers are keen to pay a higher price for a value-added quality product/service.



CLASSIFICATION when applied to Glotron:



The intensity of industry rivalry
– **High**, a more significant number of firms competing and slow market growth.

DOD purchases from defence contractors, they purchase a significant proportion of output and distribution of purchases or if the product is standardised.



The threat of potential entrants
(Barriers to the entry)
– **High**, patents and proprietary knowledge.



Bargaining power of suppliers
– **Low**, there are many competitive suppliers as the product is standardised, concentrated purchasers and they mostly purchase commodity products



Bargaining power of buyers
– **High**, there are a few buyers with a significant market share



The threat of substitute goods/services
– **High**, due to differentiation.



Industry Lifecycle

Industry Life cycle. The industry life cycle describes the natural stages of an industry as time elapse.

An industry life cycle consists of start-up, growth, shakeout, maturity, and decline phases:

Industry Life Cycle. The industry life cycle describes the natural stages of an industry as time. Start-up is characterised by little competition. Barriers to entry based on access to critical technological know-how.

- **Growth** is characterised by the low threat from potential competitors due to rapid growth in demand.
- **The shakeout** is characterised by a rivalry between companies becoming intense; companies cut prices to increase demand. Glotron is classified between the shakeout stage and maturity phase.
- **Maturity** is characterised by the threat of potential entrants decreasing and product segmentation.

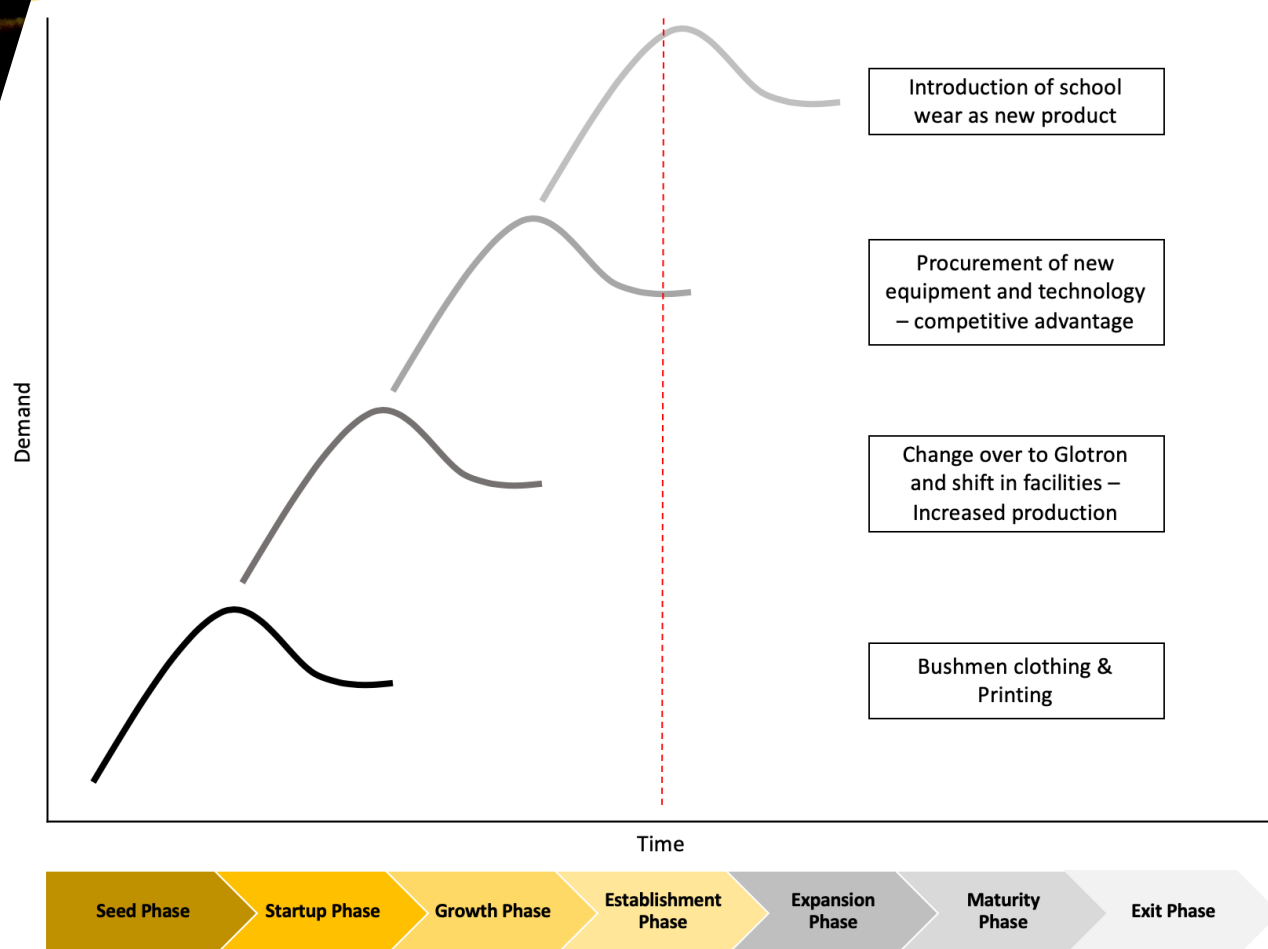
The decline is characterised by fierce rivalry between established companies.



A Business cycle analysis

as compiled for Glotron

A Business cycle analysis was compiled for Glotron. This assist is to determine the effect and background of where a product is in it is the life cycle. We believe that they are between an establishment phase and expansion phase, and the below diagram will provide insight as to why





Competitor Analysis and relative evaluation

Glotron is not fully aware of the exact impact and influences its competitors to have on their market. In terms of competition, what set Glotron apart is that they consider the business, no matter the size of the order is: They aim to assist a client and does not show anybody away. They are dependable and deliver when they say they would. We aim to provide then with insights and possible strategic direction by understanding the competitor's competitive position and its potential strategic moves towards a competitive advantage.



	Glotron	Best Clothing & Gifts	No Limits	Pukki	Wanted	Certain T-shirts
Quality	 9	 6	 7	 5	 7	 7
Technology	 7	 7	 8	 8	 8	 6
Location	 7	 6	 7	 10	 7	 7
Marketing	 5	 8	 8	 9	 8	 6
Innovation	 7	 8	 8	 9	 8	 6
Differentiation	 7	 8	 8	 9	 7	 7
Manufacturing	 8	 7	 7	 5	 7	 8
Price	 7	 8	 8	 8	 7	 6
Unweighted rating	 7.3	 7.3	 7.4	 8.0	 7.4	 6.8



The General Competitor analysis for five most competitive rivals reveals trends that shows the following:

- Taken into account, the overall unweighted rating Puki is slightly ahead of Glotron, with the rest nearby of competitiveness. Certain T-shirts is **less of a threat**.
- Glotron definite **competitive advantage** lies in their Manufacturing and quality product.
- Potential threats can be a **lack of innovation**, marketing and slow adaption in technology advances; Puki is taking the lead.
- Puki is further **situated ideally**, for convenience on the NWU Campus
- Puki seems to make the most **significant differentiation** and market impact and is also very price competitive.
- Opportunities arise for Glotron, and we will assist with a **marketing plan** and other recommendation in Chapter 4, to set them apart from the rest.



A swot analysis will also form part of the evaluation; we just need to elaborate under the competitor analysis that any business needs to have a clear visionary focus towards the future. Glotron differentiates themselves and humble, passionate and dedicated to their business; they also engage in every aspect of service and products that they offer. Management should be more involved with strategic direction than the day-to-day activities, which we know are most the times so tricky. A proper marketing plan and execution thereof will assist Glotron to compete and outcompete their rivals. This external exercise and analysis will help to become fully aware of the competitive global environment and actual market share. This will also assist them with a strategic focus on opportunities and threats that can make or break them. The interest already shows in marketing new technologies like e-commerce and designing as well as upgrading their admin system is indeed actions in the right direction.

Pestle Analysis

PESTLE analysis is used as a global macro-environmental, external scanning tool. It describes a framework of macro-environmental factors (Issa *et al*, 2010)

Due to global environmental conditions, some critical strategic direction was taken by Glotron. This includes capital investments in both properties, embroidery machinery, a sublimation printer and a generator that assist during Eskom load-shedding challenges. In-house specialised capabilities were utilised as a part of supply chain management to maintain core competencies, at lower production costs and the desired quality. This aligns perfectly with their mission to serve their customers with integrity, high quality at reasonable prices also taken into account faster turnaround time and a supply chain with more flexibility. The capital purchases also enable them to expand their product lines, offerings and increase their market share. The capital available mostly accumulated with their successes in the importation of corporate gifts to Mittal and FIFA 2020.

Glotron further made some strategic operation management decisions to relocate their clothing shop from Parys to a known building complex situated in town and cut overhead cost with R9000/month. During 2014 they manufactured Laërskool Mooriviers school clothes, which was another success story. Location is one of the most critical decisions a company make, being close to customers and easily accessible a critical competitive advantage.

What is also promising is that during the economic crash in 2008, they never gave up and worked hard to ensure sustainability in the market. Other critical strategic moves were the acquisition with NME Clothing during 2019, which again resulted in increased capacity and a broader clothing range.

Last but not least, during 2020, with the COVID-19 pandemic outbreak, they again showed courage and strength and fight for the survival of a place so dear to their heart. They are currently supplying a wide range of masks at affordable prices to show their involvement and commitment to social responsibility – which is an excellent opportunity for brand recognition and joint partnerships. This is also the time and opportunity to re-evaluate their business model, seems that we as “something” is at the right place at the right time.

To combat the challenging, especially current economic conditions, cost control should be aligned with customer attrition, but no short-term, drastically decisions should be made. This is a pivotal opportunity to implement and drive knowledge, skills and behavioural training programs for “those who are authorised” to work, and not productive for all working hours.

This will also assist in driving a substantial customer value-driven culture. Management styles to be adapted to cater for different expectations.

Budgets are tight at this stage with most smaller players in “survival mode”, it is, however, the time to apply critical thinking and reduce time spent on low-value activities through technology, automation and those platforms that improve customer service value offerings. Create brand-aware, on social media and by using other applicable marketing tools approved. A marketing plan will form part of our value-added offering at the end of our evaluation.

Environmental

Recycling or re-utilising by-products and waste will be a competitive advantage and set them apart. They have already employed waste reduction through cutting patterns.

Technological

Glotron made an expensive investment to expand to a range of sublimated clothing. They approached various sublimation suppliers in order to outsource (unfortunately unreliable). In 2018 they expanded their factory and acquire machines to satisfy needs. Today this serves as a competitive advantage. Underutilisation of e-commerce platforms and lack of technology result in stagnation.



P_{olitical}

Treated by Communist Political laws in SA -do not support white businesses. BBEE, Unions and wage regulations jeopardise the profit of many manufacturing businesses. Is forced to keep business as small as possible " prevent attraction" , not allowed to do any business with "government".

E_{conomic}

The present macro environment affect Glotron as follow: declining customer base, restricted textile availability, restricted and unavailable labour market and high cost of capital equipment. Glotron is competing against cheap imported garments – reduce market segments. COVID – 19 have huge economic impact on SME's, as well as inconsistent power supply from Eskom.

S_{ocial}

Fashion and recycled products have a significant influence on the industry. Glotron follow trends, instead of dictating it. They are currently using patterns for garments which were designed 16 years ago. Due to re-occurring pattern styles materials change and you need to adapt accordingly.

PESTLE ANALYSIS

CONCLUSION TO THIS CHAPTER

Thinking strategically, we analysed the external environment of Glotron. Various tools were used to assist Glotron to make well informed strategic decisions, prioritise and align towards a competitive advantage in the industry. The Glotron, specific approach did include a Global Risk analysis, National Development Plan, a detailed Industry analysis discussing buyers, participants and suppliers as well as unique products and services rendered. Key economic features were addressed like market size, growth rate, nature of the rivalry, profitability etc. This will further assist with a sound match strategy in competitive and economic downturn conditions.

Competitive forces (classified as high, medium and low) and factors driving industry change followed with possible future changes that might affect Glotron. Only the bargaining power of suppliers was classified as low, and reasons explained. The lifecycle of Glotron followed in graphical format. A competitor comparative analysis was followed by unweighted ratings. Their top 5 rivals in the Potchefstroom area were selected and evaluated. Key findings were that Puki is a force to be reckoned with, they outperformed them in innovation, marketing and the slow adaption of technology. Glotron have a strong competitive advantage in manufacturing and the quality of their products.

Lastly, we used the Pestle analysis tool to identify specific Political, Environmental, Social, Environmental and Technological factors related to Glotron. Industry attractiveness is of extreme importance and will be considered in section 4 as another driver towards strategy execution.



Chapter 3

Internal Analysis

Introduction

Glotron operates out of 2 buildings based in the City of Potchefstroom in the Northwest Province. The sales office is a house owned by the directors Susan and Daan Kershoff and is based in the city centre for direct access to new and existing customers and is approximately 200m². The manufacturing plant is situated just outside of the city and is on a farm also owned by Susan and Daan Kershoff. The factory size is approximately 800m².



The company currently employs 35 staff members that consists of factory staff of 25 employees, designer and admin staff of 6 members and 4 directors/owners.



“If you do not know how to ask the right question you discover nothing” - W Edward Deming



Glotron's current dominance in the Potchefstroom area for the products they produce can be divided into the following areas of supply:

- Provincial sporting federations in schools and universities (80% and growing),
- Existing and new customers in corporate and manufacturing companies (a small percentage as there is large amounts of competition)
- New customer walk in base at their company in the city



Their order book percentage per area showing where they sell their products is as follows:

- Potchefstroom City 50%,
- Northwest province 35%
- Other provinces near to factory 15%.

A break up of their product sales is as follows:

- 50% SMU (special make up clothing)
- Corporate Gifting and clothing (20%),
- School Clothing 30%

This Internal analysis will be used to identify the following areas:

- Identify areas for improvement
- New area development
- Highlight Areas of strength
- Look at resources available to achieve growth

tion,



Internal Resource Analysis

Type of Resource		Characteristics	Indicators
Tangible Resources	Financial	Borrowing capacity	Ability to borrow a few hundred thousand
	Physical	- Land and buildings - Equipment - Vehicles - Attractive real-estate location (Glotron offices)	- All land and buildings owned by the owners are paid off. - Machines – almost all paid off - Sublimation printer - Generators - Embroidery machines (bit outdated) - The vehicle is paid and used by Glotron staff member/s
Intangible Resources	Technology	- Trade secrets – key identifiable elements in their garments and customer services - Designs and Patterns – they are not registered but are unique to Glotron and provides variability and designs specific to customers' needs	18 years of work experience in Glotron and more individual experience from directors - Numerous designs, dedicated to clients or has allowed serving other clients – tailored services and products
	Reputation	- Strong and loyal customer base with a good brand - Reputation with customers, perceptions of product and quality, durability and reliability - Reputation with suppliers for efficient, effective, supportive and mutually beneficial interactions & relationships	- Return of clients and extensive client base - Customer feedback and willingness to continue using their services - Limited and specific supplier base as well as personal (face-to-face) business ensuring good relations and feedback.

“ The goal is to turn data into information, and information into insight”

- Carly Fiorina, Former CEO of HP



Type of Resource	Characteristics	Indicators
Human Resources	• Skills, specialised and technological expertise • An experienced and capable workforce • Proven managerial knowledge, know-how and leadership • Ability to apply experience, knowledge and understanding to problem solve for changes in needs and demands • Teamwork and the ability to utilise individual strengths and abilities • Ability to embrace and leverage diversity • Employee engagement and investment on a social and individual level • Creativity and innovative approaches to problems and new opportunities	• Loss of staff members often impacts operations and production • The workforce is autonomous and motivated enough to do the job • Years of personal expertise and physical labour that leads to business functions and management of relations • Continuous re-investment in processes and manufacturing (continuous learning and improvement) • Symbiotic relations between management and staff observed and even across cultures • Human element and relationships are a key focus throughout the business • Problem-solving abilities stem from experience
Organisational Resources	• Organisational actions: low-cost operations, defect-free manufacturing, quality control, innovative production and development, quick to market approaches and customer service. • Collective learning embedded in organisational practices • Good credit rating • Superior products and broader product ranges than competitors	• Streamlined systems have been developed over 18 years of operations, quality and customer service is one of their key strengths • Re-integration of learnings and collective opinions and perspectives collected and used to build their brand • Payment terms and borrowing capabilities • Distinguishable versus competitors

Core Capabilities Analysis:



Contributes to the creation of higher customer value

Glotron delivers high-quality customer experiences at affordable prices



Represents unique competence compared to other competences

Glotron offers the same standards of service whether it is 1 or 500 units

Highly experienced and skilled staff with 20+ years of expertise in design & production



Leveraged into other business opportunities

Glotron's business is built on relationships and customer experiences through design & production

Core and Distinctive Competence Analysis

	Competence Description	Customer Value Description	Uniqueness Description	Leveragability Description
Core	Service delivery regardless of units 1-500 must be the same	High	High	High
	High quality and value for money – that is what people are paying for	High	Medium	Medium
	Relationships are everything in business – from suppliers to customers	Medium	Medium	Medium
	Reduced operations costs mean cost-effective manufacturing	Low/Medium	High	High
Distinctive	High-end custom made items by experienced staff & management	High	High	High
	Unique product offerings combining various services and products	Medium	Medium	Medium
	Specialised equipment and technologies	Medium	High	High
	Distinctive designs, patterns and production sustainability (can make the same item with same fabric for years)	Medium	Medium	High
	Close relations with suppliers and manufacturers – which means specialised treatments and offerings	High	High	High

om made items



s and quality



ff offering

duct offerings



ionships and

sign to delivery



	Industry KSF's
➡	Customer service
➡	Growth for market share
➡	Customer Experience
➡	Competitive production
➡	Distinctive competitive advantage
➡	Convenience
➡	Innovative production and offerings
➡	Product differentiation
➡	Competitive and sustainable pricing

CONCLUSION:

Glotron has an integrated approach in the services and products they supply, where relations form an integral part of negotiating and ensuing sustainable offers from the supplier to the quality of services and experiences customers experience in creating their custom made and specific item/s. Their quality approach and systemised quality controls from supplier to production and service delivery to the customer means that they quickly adapt and improve their offerings which their competitors do not focus on as they mass produce or provide line items that are readily available in the market. Their identifiable competitive advantage is the equipment/technology that they own that allows them flexibility in product offerings and differentiated products as well as the ability to mix and blend designs allowing solutions and options that customers may present in their needs and demands. Attention to finer details may allow them to leverage some of the medium rated competencies and turn them into further unique differentiators in the market place, allowing them the opportunity to gain a



Internal Value Chain Analysis

Glotron has a unique value chain process, with multiple activities contributing to the success of the value that they add to customers and uniquely differentiating from its competitors in the market. Many of these aspects are focused on strategically but not necessarily well measured, recorded and analysed to strengthen their strategic decisions and maintain their competitive advantage. Covid19 has helped reveal some of the areas that Glotron needs to improve on and ensure not only that their normal operations will gain benefit but that their contingencies and ability to cope with a global and national disaster and catastrophe is critical, as their services have come to a halt. They have not been able to identify solutions or implement solutions quick enough to react to the outcomes and effects of Covid19. Despite their external value chain being affected drastically and the supply of specific materials reduced, there has been a perfect opportunity to investigate their internal value chain. Glotron would be able to identify critical aspects that they still have time to implement before the lift of the lockdown regulations, allowing them to gain short term benefits as well as long-term gains from the solutions and strategic decisions that they can implement.

Internal Value Chain Analysis

This analysis will focus on the immediate short-term gains as well as long term gains that they can implement that will improved operations and strategic areas.



Supply Chain Management:

Activities, costs and assets associated with procurement of energy, raw materials, parts and components, merchandise and consumables from suppliers; material handling, inspection, warehousing and inventory control used to receive, store and disseminate inputs to a product or service. Procurement also includes sourcing fixed assets like machinery, laboratory equipment, office equipment and buildings.

New Glotron possibilities: Real-time integrated scheduling, demand management and planning across their suppliers. Dissemination of real-time inventory data or availability of resources, real-time supplier pricing assisting in their pricing processes.

Pre-COVID:



During-COVID:



Operations Management:

Activities, costs and assets associated with transforming inputs into the final product or service. Examples of operation activities are machining, production, assembly, packaging, equipment maintenance, facility space or optimisation of the workplace, quality assurance and environmental protection.

New Glotron possibilities: Integrated information exchange, scheduling and decision making in-house and quality management (outputs according to continuous needs changing-work/job cards). Real-time information is available to do sales forecasts and inventory levels/stock on hand or production requirements and planning.

Pre-COVID:



During-COVID:



Outbound Logistics:

These are activities, costs and assets related to collecting, storing and physical distribution of the end product to buyers. Examples of these activities include finished-goods storage, order processing and order picking, packing, shipping and delivery operations.

New Glotron possibilities: Real-time system monitoring transactions, stock on hand or inventory available or needs to manufacture. Automated customer documentations, cads and strike off, with delivery terms and payment documents: effective delivery and product assembly processes and packages according to needs of the customer (improved service delivery).

Pre-COVID:



During-COVID:





Marketing and Sales:

Activities, costs and assets used to create awareness and means through which customers can purchase products and services. Examples are advertising and promotional campaigns; selecting, developing and supporting sales force; market research and planning; and dealer/distributor support.

New Glotron possibilities: Online sales channels and websites for quotes and orders can be improved, and concentration in different areas required for different needs and offerings. Access to real-time information about products, pricing and inventory available are critical to their customer's needs and a solution for the effects of Covid19 and other possible risks in the future. Online product configurations and tailored marketing based on customer profiling or customer feedback and response tracking (top sellers or top vied items).

Pre-COVID:



During-COVID:



After Sales Service:

These are activities, costs and assets designed to enhance or maintain the value of a product.

Examples are assistance to buyers post-sales, new or unrelated repairs and after-sales problems (customer-related often or even manufacturing related), enquiries or complaints handling.

New Glotron possibilities: dedicated online customer support services allowing analytical processes and recording of data, standardised billing integration and billing enquiries as well as customer surveys, product suggestions or service delivery ratings.

Pre-COVID:



During-COVID:



Technology development:

Activities, costs and assets completed to enhance and develop a firm's products. It includes product and process R&D, equipment design, software and systems development and servicing redesigns.

New Glotron possibilities: Collaborative product design across or among multiple partners or associates. Integrated systems and software that will allow instant feedback and reports for strategic inputs. Storage systems for designs and the categorisation of templates and data of customers – most up to date and history. Improved financial and billing system allowing inter-department or facility access and info to improve efficiency and effectivity.

Pre-COVID:



During-COVID:





Human Capital Management:

These are activities, costs and assets involved with recruiting, hiring, training, developing and compensating all types of personnel. Also, it includes labour relations activities.

New Glotron possibilities: Electronic job or task management system, time management and efficiency reporting, IP or Knowledge directory, retaining and collecting information. Staff assessment tools and performance measurement tools, job roles and KPI's, incentive programs & acknowledgement initiatives, work satisfaction & input surveys (cultural growth).

Pre-COVID:



During-COVID:



Firm Infrastructure:

Activities, costs and assets relating to general management, accounting and finance, legal and regulatory affairs, safety and security, information technology and communication (ITC), strategic partnership and alliance management and other overhead functions.

New Glotron possibilities: Web-based or online financial and ERP systems. Improved general ITC platforms and systems, basic regulatory and compliance systems and checks.

Pre-COVID:



During-COVID:



CONCLUSION:

It is evident that Covid19 has had a relative impact on small to medium enterprises and as clearly indicated Glotron's business negatively impacted, despite the influential positions that the various sections may have been in pre Covid19. Some of these aspects have possibly prolonged, merely not implemented successfully in the past or they may have been perceived as aspects to deal with later as commonly seen in smaller businesses with management caught in operational activities and day to day activities. Covid19 has exposed and highlighted crucial elements like marketing and sales, finances, technology and general operations that will require attention to ensure long-term growth and prosperity of Glotron. It will be critical to ensure that contingencies and the ability to adapt and deal with environmental and business altering events or effects can be dealt with in the future allowing sustainability of production and services and improved strategic impacts for Glotron in the future

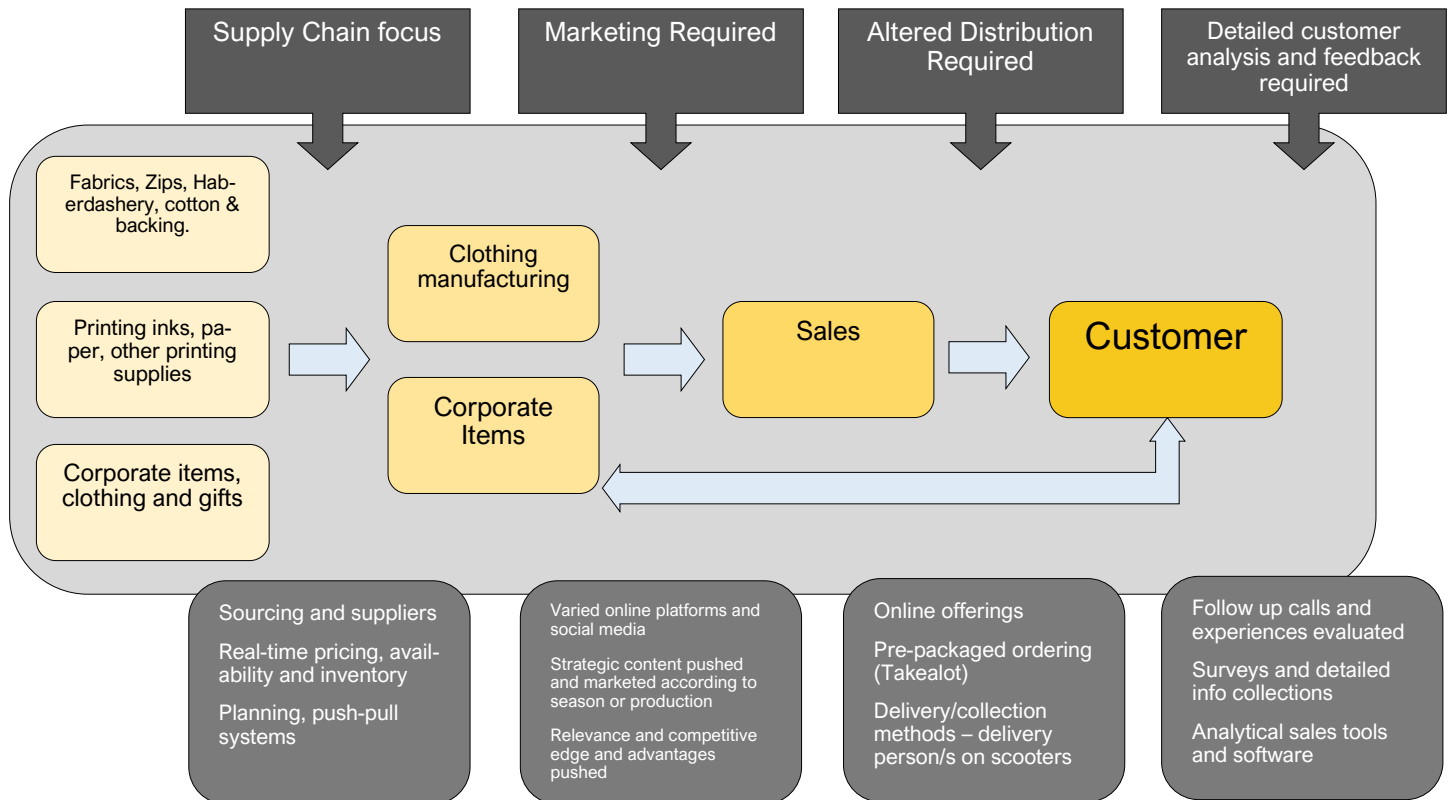
Strategic Choices Related to Internal Value Chain

These crucial areas are summed up by assessing and providing recommendations through the strategic choices Glotron has which are relevant to their internal value chain and possibly identifying critical gains both short term and long-term:

Value Chain Activity	Imperative strategic choices	Competitive advantages and gains	Possible gains
Research & development	• New product development • New technologies – • Resources and Machines/equipment • Focus on production and operations technologies	• Variability and product offerings to clients • Remain trending and relevant in the market • Time and cost-saving benefits/increased productivity • Marketability and uniqueness in the market • Detailed information and decision making	Long-term gains
Design	• New patterns and designs • Designs according to customers specific needs • Unique quality controls and systems designs to their needs • Exceptional customer care and after-sales service often without additional cost •	• Variability of products and offerings means varied price offerings and ranges. • A market flooded with generic items; custom made items are critical to the success of the business. • Similar customers – need various options to remain unique and feel special. • Quality management imperative to customer care and reduction in time spent on mistakes • Customer care and experience of input, detailing own product is something which must be exploited more (design teams).	Long-term gains
Product	• Diversification – New unrelated/similar areas • Lead times and production time • Higher price = higher quality, custom items and speedy service and aftersales care	• Strength lies in quality, specific solutions for clients. • Price is maybe a perceived aspect – but the value of service is excellent & needs to be marketed more, getting the message out in public.	Long-term gains
Marketing	• Hit and miss marketing – no real fixed marketing strategy • Experience and understanding of new trends or target points needed.	• Big area for improvement and will benefit Glotron massively. • The weakness is a great opportunity, and smart offerings can also be utilised.	Big Short term Gains & Long-term gains
Finance	•	•	
Servicing	• Speedy delivery and at any cost to get the product to the client in time • Immaculate aftersales service • Quality issues – resolved immediately and alternative solutions made	• Vital strategic elements, experience, custom items, after-sales service must be maintained and further developed and invested in to elevate and enhance core strength.	Long-term gains



A simple view of Glotron's future Value Chain:



"Get it done. If its not satisfactory, fine tune it and do it again. It is better than worrying what it would or the outcome is not what you wanted. " - Bruce Lee

Culture Analysis

Values, beliefs and behaviours of leaders and employees constitute a company's culture. Leadership at Glotron firmly believe their company encompasses a solid cultural presence, and its seen as a distinct competitive advantage.

Managements who show leadership are involved, and this is a key catalyst in the building of culture in the company. Through their leadership, they have created a picture of how they want employees to operate by showing their amazing work ethic. They operate under the notion that we are all one and do as we do and follow our example. These behaviours and values of leadership have deemed a culture in Glotron.

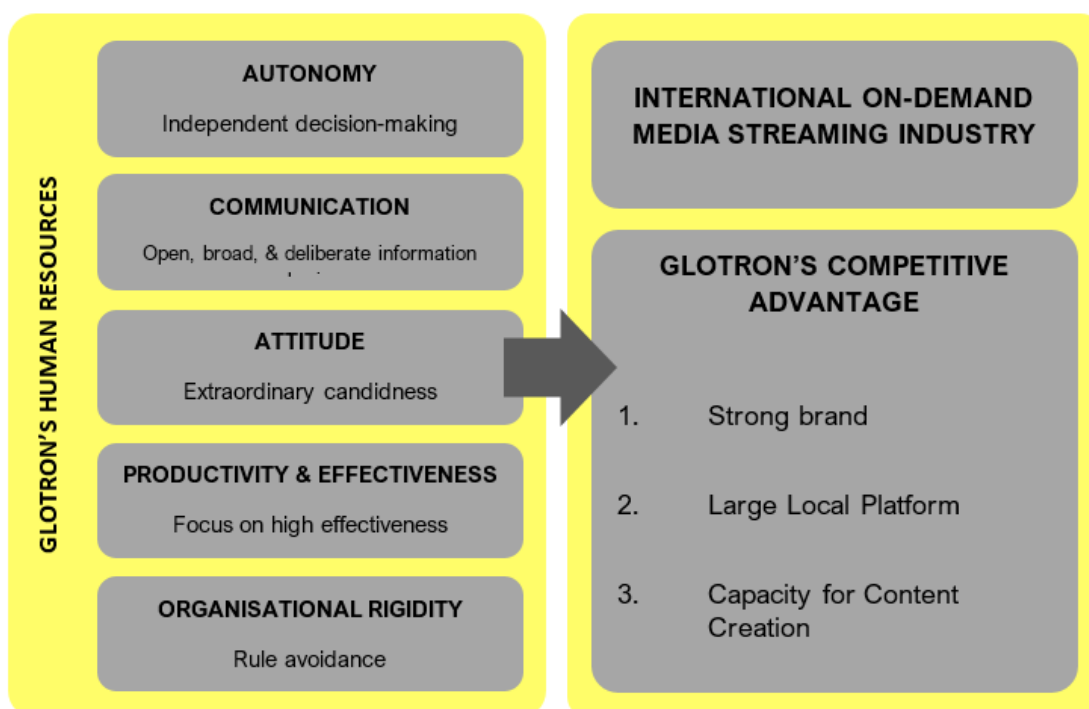
Another one of the aspects of the culture present that plays a massive role in the culture of the company is the Human Resource employment of an employee from an African tribe that is known to come from

His employment began right in the beginning when Glotron opened the manufacturing factory under the name Bushman. The growth of Glotron has led to the hiring of more staff, and under the guidance and commitment of the employee from the African tribe, they now have a constituent of 21 staff members coming from this tribe. All these employees report to this individual employee, and he is now the factory manager. He has created a culture in the factory of respect for him and management, and through him, a culture of communication occurs. This is a particular culture feature in the business.

The last culture present is the belief that they make the best quality clothing that gives them a competitive advantage over their competition.



GLOTRON ORGANISATIONAL CULTURE







Financial Analysis

A financial analysis of a company is an integral part of the internal analysis.

The purpose of this analysis is to determine the financial health of a company. It can be achieved by analysing key financial ratios and other lead indicators (Marius Ungerer 2016).

This analysis will answer the following key questions:

- Can Glotron fund **future growth**?
- IS the **financial status** of Glotron a resource of strength or a resource of weakness?
- Is the cash flow from operations **sufficient to sustain** the business? (Marius Ungerer 2016)

Due to personal reasons unknown to our group "Something" complete financials were not provided. We drew up an excel spreadsheet with all the relevant financial ratios needed for this analysis. We requested Glotron to complete the information as it would assist in providing security on their financial information that they may not want to be disclosed.

We received their feedback with the financial numbers and have composed our analysis accordingly.

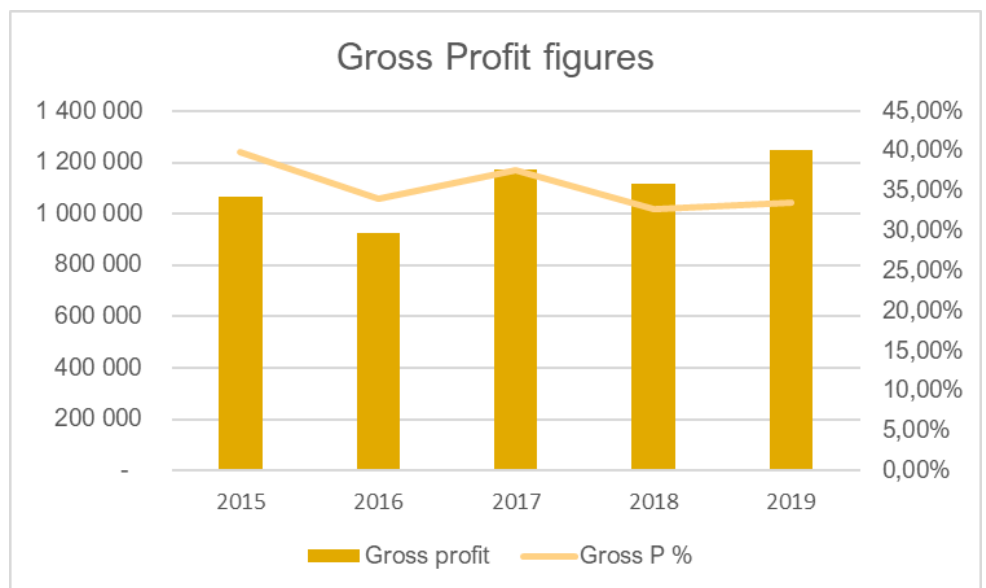
Profitability

Ratios



Gross profit percentage:

Gross Profit percentage is a metric analysis used to assess companies financial health and well being by calculating the money left over from product sales after subtracting the cost of goods sold and expressed as a percentage of sales (Bloomenthal April 2020). This ratio is an excellent indication to see if Glotron's asking prices for their products is sufficient and whether the costs for raw materials are in line with profits needed for the company. The formula for this ratio is $\text{Gross profit \%} = (\text{Gross profit} / \text{Net Sales}) \times 100$



The above graph shows Glotron's Gross profit totals and Gross profit percentages from the year 2015 – 2019. It is evident from the graph that Glotron's gross profit and gross profit % have fluctuated up and down over the last five years. Glotron's gross profit % in 2019 is on an upward curve from 2018; however, it is still way below 2015, which recorded the highest gross profit % in the last five years. A good target to achieve for gross profit percentage is 50% and above, and this means that Glotron is way below the good target line. The above indicates that Glotron is not very profitable on the most fundamental level, meaning that their efficiency in using their labor, raw materials and other resources are not being optimally utilised and costs are not firmly in their control.

The international benchmark as per the figures supplied CSIMarkert (Company 2020) reflected a Gross Profit percentage of 37.68%. According to this figure, Glotron's performance is under industry standard, and they need to increase their Gross Profit to be in line with international standards.

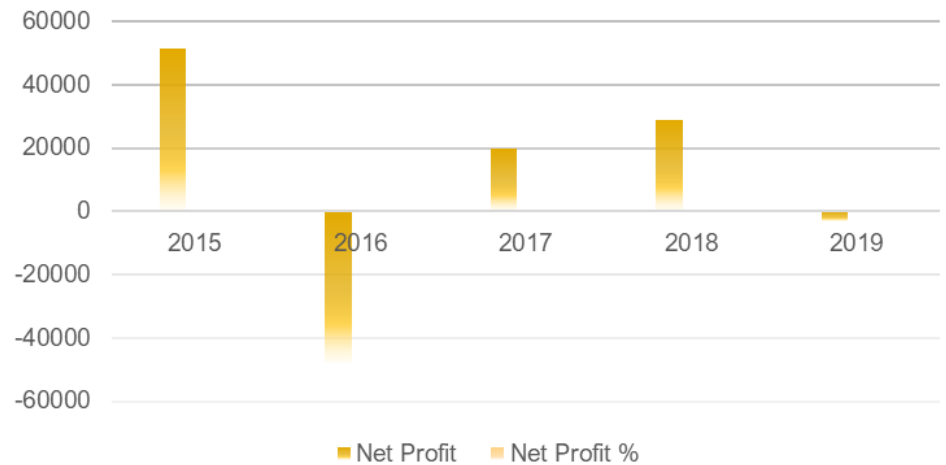


Net Profit Percentage

The Net profit percentage is equal to how much net income or profit is generated as a percentage of revenue or nett sales. (Murphey Feb 2020). This ratio is expressed in a percentage form. The formula for this ratio is $\text{Net Profit Percentage} = (\text{Nett Income} / \text{Nett sales}) \times 100$



Net profit figures

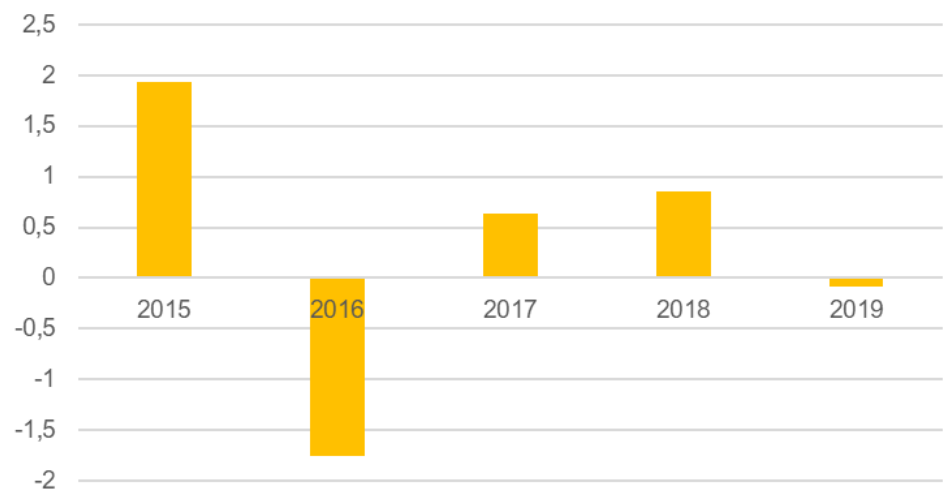


In the above graph, it shows that the Nett profits of Glotron are meagre and even drop into losses for the year. The above indicates that the financial wealth of the company is fragile. Through this ratio, it will answer the first question that asks if the business would be able to fund future growth aspirations, and the answer would be no. There would not be enough cash to fund any growth in the business. This ratio also shows that Glotron's current practises are not working for them as they should. There is a good increase in sales over the five years. However, this ratio shows that management is not containing expenses in the business as the expenses are diluting the nett profits down to sometimes even losses for the year. The trend has shown a nett profit percentage of almost 2% in 2015 and ends with a loss of 0.1% in 2019. Generally, companies would strive to have growth in this ratio, yet Glo-tron has seen a consistent decrease

Return on Sales:

Return on sales is a measure of how efficiently a company turns sales into profits (Hayes May 2020). It is a ratio used to determine how well the company's operational efficiency is. It is a ratio that provides information into how much profit is gained per Rand of sales. The formula for this Ratio is $\text{Return on Sales} = (\text{Operating Profit} / \text{Net Sales (EBIT)}) \times 100$

Return on Sales

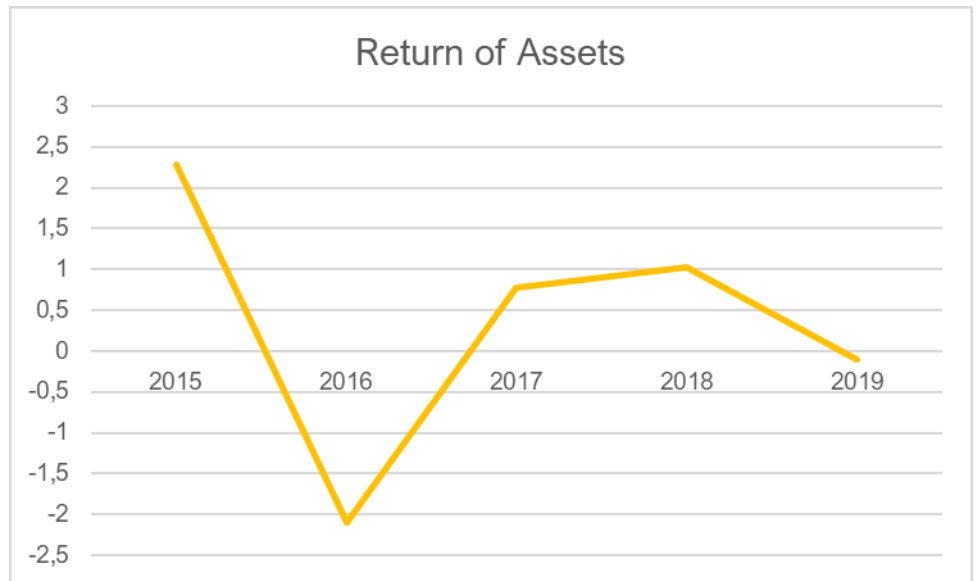


Evident from the graph above is that Glotron has almost no return on sales from its top-line revenue in their business. There is a big concern as the weak return on sales would not allow for growth to happen in the company. This ratio also answers the question that would Glotron be able to fund future growth aspirations, and the answer is no. There is a lack of efficiency and profitability internally in Glotron.



Return on Assets:

The financial ratio shows how profitable a company is relative to its total assets. This ratio is crucial as it measures the amount of profit a company earns per Rand of its assets. The return of assets shows how a company effectively con-



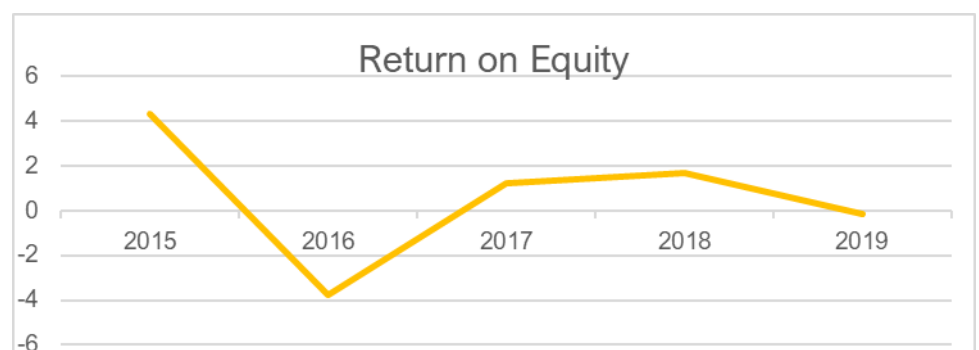
The return of assets percentage decreased substantially between 2015-2016 due to a crucial top-line manager leaving the company. A new partnership developed the following year allowing it to grow back to just under a percent in 2017 and just over 1% in 2018 only for it to drop again in 2019 to -0.10%. These low percentages show that the company will struggle with growth. In order to increase these percentages, Glotron can increase their sales. It, however, will mean the company must invest in essential factors like equipment, inventory and facilities, which may not be possible. These low percentage could be due to the following reasons:

- The company is not utilising its assets effectively to generate net income.
- A problem could be present in strategic management.
- Growth in sales in the company

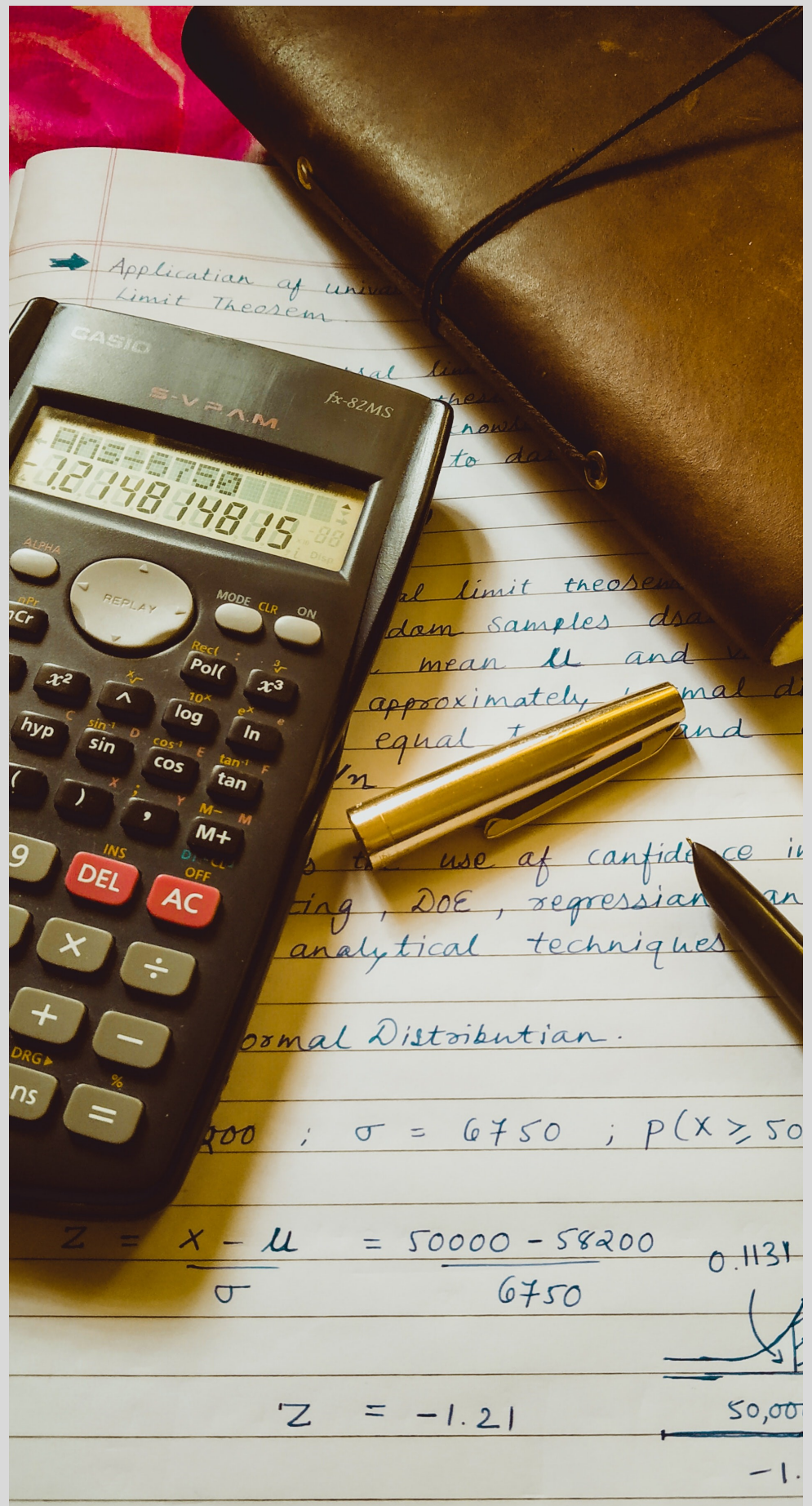


Return on Equity:

This ratio is a profitability ratio that allows the owner of an entity to determine how profitable his capital investment is. This ratio will indicate not only the profitability of an entity but also show shortcomings and problems. The ratio is defined as the Return on Equity = Net Profit after interest and tax / Total capital x 100.



From the graph, it shows that the owners of Glotron are not getting their money back for their investment. The returns would be more beneficial in a fixed investment policy at a financial institution as it would generate much higher returns for the owner. In 2016 and 2019 their return was below 0. From an investors point of view, this would not be a feasible business to invest in over the short-term



Liquidity Ratios



Current Ratio:

This ratio is concerned with the liquidity of the company. It is a measurement of the company's ability to meet its short-term debt responsibilities by comparing its current assets and current liabilities. The formula is as follows: $\text{Current Ratio} = \frac{\text{Current assets}}{\text{Current Liabilities}}$.

	2019	2018	2017	2016	2015
Current assets	R1 300 320,00	R1 167 910,00	R1 053 500,00	R887 140,00	R831 845,00
Current Liabilities	R263 770,00	R283 780,00	R231 740,00	R190 340,00	R165 660,00
Current Ratio	4,929 : 1	4,116 : 1	4,546 : 1	4,661 : 1	5,021 : 1

A norm for this ratio is 2:1. Glotron shows that they exceed this norm by some distance which should enable the company to meet their short-term debt. It may also mean that the collections of their debtors' outstanding amounts are done in a timely manner.



Acid test ratio:

The acid test ratio is an excellent ratio to use as it eliminates the inaccuracy of the current ratio above. If the current assets are mainly made up of inventory, then the current ratio will be very high or misinterpreted as an incorrect opinion of the company's liquidity. This is evident within the acid test ratio above as the figures show that Glotron has very high ratios compared to the norm. The formula is as follows: $\text{Acid Test Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$.

	2019	2018	2017	2016	2015
Current assets	R1 300 320,00	R1 167 910,00	R1 053 500,00	R887 140,00	R831 845,00
Less: Inventory	R844 320,00	R726 410,00	R612 224,00	R444 640,00	R343 145,00
Current liabilities	R263 770,00	R283 780,00	R231 740,00	R190 340,00	R165 660,00
Acid test ratio	1,728 : 1	1,555 : 1	1,904 : 1	2,324 : 1	2,950 : 1

A standard acceptable norm for this ratio is 1:1. Glotron's figures show that they are very well positioned and in line with meeting short term obligations. They are above the norm and are in fact in line with the 2:1 ratio that a company should essentially work towards yearly. What is evident is that the good numbers coming from 2015 helped drive 2016 when things took a slump. It shows that Glotron puts much of their capital into inventory in the business as the figures reflect them having more than double this figure in 5 years.



Leverage Ratios



Debt to Asset Ratio:

The ratio indicates the proportion of a firm's debt to its total assets. The ratio shows how much the firm relies on debt to finance assets. This ratio shows a person a quick measurement of the amount of debt that the company has on its balance sheet compared to its assets. The formula is as follows: Debt ratio = Liabilities/assets. A company should strive to a ratio of below 0.5 as it means that the company's assets are likely financed through equity. If it is above 0.5, it means the assets are likely financed through debt.

	2019	2018	2017	2016	2015
Total Liabilities	R1 055 254,00	R1 107 955,00	R951 195,00	R1 006 286,00	R1 006 707,00
Total Assets	R2 975 320,00	R2 815 910,00	R2 538 500,00	R2 272 140,00	R2 201 845,00
Ratio	0,354669078	0,393462504	0,374707504	0,44288028	0,457210657

The above data indicates that the company is below the norm and that the assets were mainly paid from equity and not with debt. It offers them lower leverage and higher financial flexibility. It will give Glotron breathing space during tougher times as they will not have to service debts during these tough times. This ratio gives potential investors confidence that any investments would be able to be paid back. It also shows that should the company need to apply for the debt they should not have a problem to pay it back.



Debt to Equity Ratio:

This ratio is known as financial leverage. This ratio will examine the healthiness of the company. Higher debt to equity companies will struggle to attract additional lending if required. Investors prefer companies with low debt to equity ratios. Hence, it is preferable to work this ratio as low as possible, and every industry is different. However, the norm is pushed towards a ratio of 1:1 and less.

	2019	2018	2017	2016	2015
Total Liabilities	R1 055 254,00	R1 107 955,00	R951 195,00	R1 006 286,00	R1 006 707,00
Total Equity	R1 920 166,00	R1 707 195,00	R1 587 305,00	R1 265 854,00	R1 195 138,00
Ratio	0,549 : 1	0,648 : 1	0,599 : 1	0,794 : 1	0,842 : 1

This data shows a perfect picture that Glotron is moving in the right direction and lowering the debt to equity ratio even though it was still way below the desired level of 1.5. These figures mean that Glotron is being financed by increased equity since 2015. These numbers would undoubtedly attract any potential investors that may be on the horizon as it shows that in 2015 for every R1 financed R0.84 was from creditors. In 2019 this ratio moved to R 0.54 being financed from creditors. The company is heading in the right direction in terms of debt to equity.

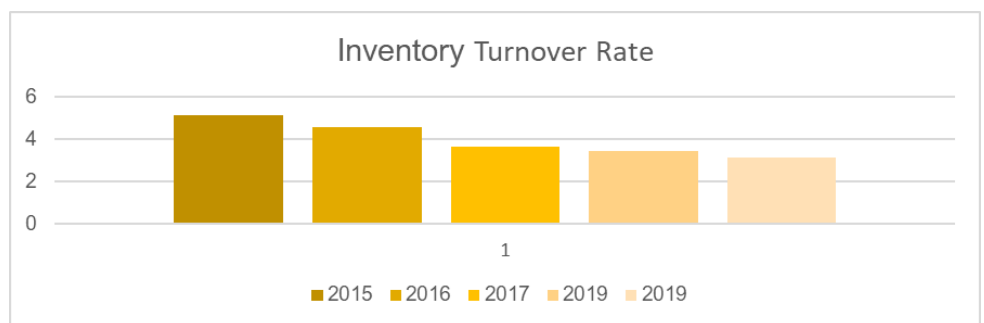
Activity

Ratios



Inventory Turnover:

This ratio measures the number of times a firm's investment in inventory is turned over during a given year. Slow-moving or obsolete items are not advisable to be kept, as it results in costs, for example, interest, insurance and labor. It may also utilise critical floor space. So in more relevant terms, it means how quickly inventory is sold once it has been produced or purchased. A company should aim to have this ratio as high as possible, meaning they will require smaller investments in inventory when compared to a company producing the same level of sales with, a lower turnover rate.



During our numerous visits to the Glotron factory, it was noted by all members that the stock holding of materials is massive. Evident in the numbers above is that Glotron's inventory turnover rate has slowed down drastically. It is not a very good trend to be occurring. They need to drive to turn these numbers around and get the turnover back to where it was in 2015. The decline in the rate maybe because there is too much obsolete or dormant stock present in the factory. They must look to sell this stock off. The stock they need should be calculated to operate within the operations principle of Just In Time and lean management. The above will eliminate issues of market changes in designs and stock becoming obsolete



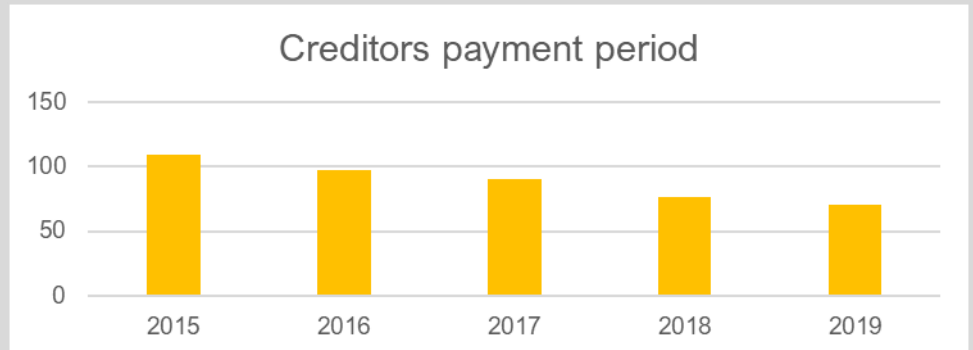
Average Collection Period (Debtors collection period)

This ratio measures the average numbers of days between the credit sales and the date the payment for the credit sales gets made. The higher this ratio is, the longer the customers hold onto their money. This outstanding amount creates a more significant investment in assets. Glotron informed us in an email that their accounts receivable is averaged to be 1 and 1/3 months turnover (1.33). The next sales per year have been taken as this was the only sales figures supplied, it was then divided by 12 to get the average per month of net sales and then multiplied this amount by a given average of 1.33 to get the accounts receivable estimate totals per year. With these calculations, it was estimated that Glotron has an average collection period of roughly 40 days. This means that it takes 40 days to collect full payment for the orders that they have invoiced and delivered. Glotron has criteria in place for when orders are placed, where 60% of the order is paid in the same month it is ordered, 25% in 60 days and 15% to be paid within 90 days. According to their information, the collection period averaged out to 40 days in total to collect the entire invoice value.



Creditors payment period

This ratio indicates the average time in days that a company takes to pay its creditors. The higher the value, the longer a company takes to pay its bills. Companies push this ratio as long as possible as it frees up cash immediately for them to use towards short term projects.



	2019	2018	2017	2016	2015
Average Creditors	R480 000,00	R480 000,00	R480 000,00	R480 000,00	R480 000,00
Cost of Sales	R2 472 380,00	R2 293 442,00	R1 937 574,00	R1 791 320,00	R1 605 825,00
Ratio	70,86289324	76,39172911	90,4223529	97,80497064	109,1027976

As per the emailed information from Glotron management, their creditor's payment period is said to be paid within 60 days and sometimes stretched to 90 days. With the figures received in the ratio information, we worked backwards to get the cost of sales figures per year. Glotron informed us that their creditors averaged between R 35 000 – R 45 000 depending on demand. We averaged this amount to R 40 000, and the yearly amount is then totaled at R 480 000. With these calculations, it showed that they had improved their creditor's payment period from 2015 – 2019 by some margin. However, with their current debtors payment system, they can improve their creditor's payment period if they adjust the debtor's payment system.

Evident from the ratios presented above is that the answers to the three fundamental questions.

- Glotron will struggle to fund future growth projects as evident in their net profits and return on sales.
- The financial status is a weakness, as seen in vulnerability in all the ratios depicted.
- Currently, the company is keeping head above water with regards to cash flow. With the occurrence of any disaster, for example, COVID19, the company will struggle to remain afloat and meet its cash flow needs based on the information proved by the management of Glotron.



Risk Analysis:

Strategic Assumptions:

Internal risk areas	Key strategic choice risk assumptions	Positive assumptions	Negative assumptions	Conclusions on strategic risks
Operational agility	Flexible manufacturing structure and client response	Glotron owns its manufacturing process. It can manufacture and manage the demands of its clients at any specific time and any particular manner.	The company is locked to a specific geographic location and exposes the company to logistical costs, additional time consumption aspects (source to delivery) and restricts possibly/ capability to expand its reach.	Glotron may need to consider varied distribution channels and avenues to increase its reach and ability to grow its customer base outside of North West. This reach also needs to be defined, and a clear strategy is required.
	Technological improvements and development	Further differentiation in the market requires increased lines of manufacturing or increased capabilities and ability to adjusted demands.	Expenses during acquisition and maintenance may out way benefits and potential expansion. Technological advancements and growth are hard to keep up with as well as train staff.	Despite costs, Glotron has an opportunity to acquire technology that can boost their competitive advantage both in equipment & in ITC that will provide business insights and analysis.
	Manufacturing strategy of trends and styles	The flexibility of manufacturing allows them to adjust to trends and styles, seen reoccurring patterns and styles over the past 16 years.	Consistent customer and market trends may result in confined and perceived assumptions/ interpretations of patterns. Flexibility is positive but may also complicate manufacturing processes versus a more structured or focused process as the school clothing.	Flexibility in their custom made items allows them to compete with their clients; however, the market is flooded with line item businesses. Glotron needs to streamline its offerings, create understandable and defined lines with their differentiated products allowing to swivel according to trends and needs.
Customer reach	Marketing and digital reach	Increased media and digital development and expansion will result in business growth and increased sales/ reach/visibility.	Maintenance and management of these platforms are difficult and costly to manage as well as may give away vital competitive advantages (price, strategies & offer-	Extensive work needs to go into a detailed marketing strategy, that is flexible enough, cost-effective & sustainable without having to have an IT person manage it continuously.
	Distribution channels and capabilities	Face to face sales and interactions forms a large part of their business and communication with the client to capture customer needs correctly.	No other distribution opportunities limit client reach or potential to connect with diverse client needs and interfaces or platforms.	More uncomplicated and more comfortable means of product delivery, packaging/ bundling, ensuring excellent customer experience and simplicity is essential. Needs & experiences need to be measured.
	Manufacturing facility and display store	Consumers need to interact, see and feel the product remains a crucial aspect within this industry and forms part of the customer experience.	Stock on hand or samples results in unnecessary risk and ties capital down—disconnect of sales floor with strategic or manufacturing processes due to separation or location.	Sales floor efficiency, viewability and access must be conducive to excellent customer experience – otherwise, the shop is just a storage space with pickup area. Design, Layout and offerings require assessment.

Internal risk areas	Key strategic choice risk assumptions	Positive assumptions	Negative assumptions	Conclusions on strategic risks
Cost competitiveness	"Do not do cheap."	Quality of production and materials are crucial to delivering the right product and key to Glotron's reputation and brand or image.	A potential loss of clients, as well as perceptions or pricing of Glotron, may be experienced. The belief of enough customers and or enough clients knowing their product may be a risky assumption and leads to further missed opportunities.	Without compromising on quality, the focus must remain on quality throughout the value chain; the price will become a critical aspect in RSA, to maintain their reputation and reduce expenses or create new offerings in more cost-effective ways.
	Willingness to assist everyone and price consistency	Customer experience and client service is an integral part of the business strategy and critical trait of the business	May take vital time or resources away from core business opportunities or impacts client service due to being consumed with smaller jobs or problems.	These are the critical differentiators in the success of the business. There is an opportunity to streamline processes allowing to maintain this but also save on time and resources expended to invest in the analysis of the company or new developments.
Stakeholder confidence	Compliance and regulations	Ensures safety and effective workflow within the manufacturing process.	Risks of non-compliance and associated claims or penalties as well as management of hazard risks like fire and other due to the nature of resources.	Compliance and checklists and measures need to be implemented by management, providing a safe working environment and providing staff with a structured safety plan.
	External risks – Covid19 and Workforce	Experiences, knowledge and awareness will help them to mitigate future problems and prepare them for diversification to deal with problems	Risks are sometimes unpredictable as well as the impacts. Past experiences may still not gear them for the future. Costs associated may not be possible, or capital may be tied up.	Businesses in the future will learn from the pandemic implementing risk aversion policies and protocol to deal with shutdowns. Diversity, cash flow solutions and HR alternatives need to be developed.



Risk Factor	Impact	Probability (low/med/high)	Mitigation	Risk Classification
Volatile customer demands and expectations impact sales and the brand	Variation in client base Reduced sales Complex production activities Possible negative sales experience or service	 Medium	Defined service terms or production times and processes could mitigate some risk. Streamlined customer experience – structured ordering and showcasing process. Glotron showroom or sales process improvement and "revamp."	Asymmetrical
Competitors copy services and flood market with standard products and services and challenge ethical and moral boundaries.	Decreases market share and upsets market Decreased sales or client base Increased problems – creates an opportunity. Generic services and offerings – create an opportunity Competitive and moral practices challenged	 Medium	Track market share and invest time and energy in developments and improvements to retain a competitive advantage. Continue producing quality custom-made products, and possible different lines may be required to cater to various customer needs (a more generic range) Maintain customer connectivity and service – follow up calls and after-sales service questionnaires or question clients who move and find out why. Maintain integrity and quality product offerings and services – improved marketing and after-sales service will assist in maintaining a competitive edge.	Asymmetrical
Perception of current business position and awareness or agility	Responsive capability to Covid19 or other aspects in their environment Overconfidence or customer perception and views External influences and advice required to ensure balance decision making and influence	 Medium	Urgent attention required to shift business focus during Covid19 lockdown process – a phased plan needs to be integrated to resume normal business activities. Re-work customers and clients - ensure that clients' needs and understanding customers perceptions are critical to improving the business and staying ahead of competitors, new products or services may arise, and existing services may be developed.	Asymmetrical
Information management and systems outdated or not in place	Decreased ability to make informed or calculated decisions Information not on hand can result in mistakes or costs Efficiency, measurability and investments not guided or possible weakness versus competitors	 High	Attention to the following systems are required: Financial system integrated with sales system and inventory. Online platform – orders or detailed catalogues and items that can be selected. Communication platforms for marketing, service delivery and after-sales information collection. Continuous analysis of the business is required to understand the whole supply chain and make effective strategic decisions – analysis tools and dedicated time quarterly would be advised to do reviews.	Death line
Socio-economic factors and economic climate becoming increasingly crucial during Covid19 and post Covid19.	Strategic decisions not adjusted or aligned Supply Chain areas not aligned may impact brand Decreased buying powerless sales or less willing to buy premium products	 High	Potential short term and long-term strategic views need to be adjusted with the effects that Covid19 will have on the economy, buying powers and client appetite – will high-end products still suite the pockets? Assessment of supply chain and longevity of ability to supply needs to be assessed to avoid supply risks and supply issues.	Uncontrollable



Analysis of core internal risks:

Various factors will influence Glotron and their operations during the next few months. It is critical that the organisation understands the risks, creates a unified goal and direction with clear objectives in mind to deal with the effects of COVID as well as regular business operations (Pre/Post COVID). If the internal aspects are not streamlined or quick gains made through certain technological advancements, the possible external factors may have a more significant impact. It is essential to align internal and external factors to ensure there are a seamless adaptation and implementation of resources to change the path of the business or organisational cycle and ensure that the existing trajectory can be re-established and maintain its positive trajectory

Integrated SWOT Analysis



Internal strength analysis (resources):

Brand Name, Strong Employee Attitudes, Skilled Staff with many years of experience in the industry, Full Involvement of top-level management, Technologically advanced above competitors, Well-developed processes, Ownership of their own Factory, Personal relationships with customers lead are to loyalty, Good quality products with leadership in product innovation, Specialised design as an extra service to customers, Highly efficient, low-cost manufacturing, Wide range of products



Internal weakness analysis (resources):

High pricing structure compared to Chinese Imports, Business to dependent on Owner, No proven methods for revenue growth (long- and short-term growth non-existent), Factory disorganisation, Management to involvement in day to day activities, Too many Items available for production

External opportunities analysis (market & industry):

Local expansion (new clients), Diversify products during market changes (Covid19), More strategic partnerships with local businesses to alleviate supply chain disruption risk (current importing around the world is an issue), Better economies of scale. Produce fewer specialised items, Better utilisation of waste (offcuts) through designing of new products (masks), The utilisation of e-commerce for marketing to grow the business, Upgrading Admin technology



External threats analysis (market & industry):

Rise in market prices for raw material due to import prices, Economic conditions and new regulations, Lower-priced competitors, New entrants to the market, Long-standing effects due to Covid19, Strategic direction or lack thereof, Labour problems leading to downtime, Technological advancements in machinery.



" Build your weakness until it becomes your strength" - Knute Rockne



Internal strengths matched with external opportunities

Glotron has a strong brand name in the current local market and will go together with pushing to expand the current customer base. With a wide range of products and the advanced Innovative and Technological machine setup, they can tackle the opportunity of utilising e-commerce and marketing platforms to expand the business and expand their product range more towards market demand which currently is for masks and facial wear. In the operations of the factory, the highly efficient and cost-effective production will be positioned with economies of scale for better and more cost-effective means of production. More bulk production and fewer individual items being produces.

Internal weaknesses matched with external threats

High pricing structure and rise in market prices will be a double blow for a Glotron. Factory disorganisation and the new regulations that COVID 19 has occurred. Their factory setup shows that workers are cramped on top of each other, and the new laws will mean social distancing will create a big issue for Glotron. No proven methods of growing revenue and lack of strategic direction will not bid well for the company.





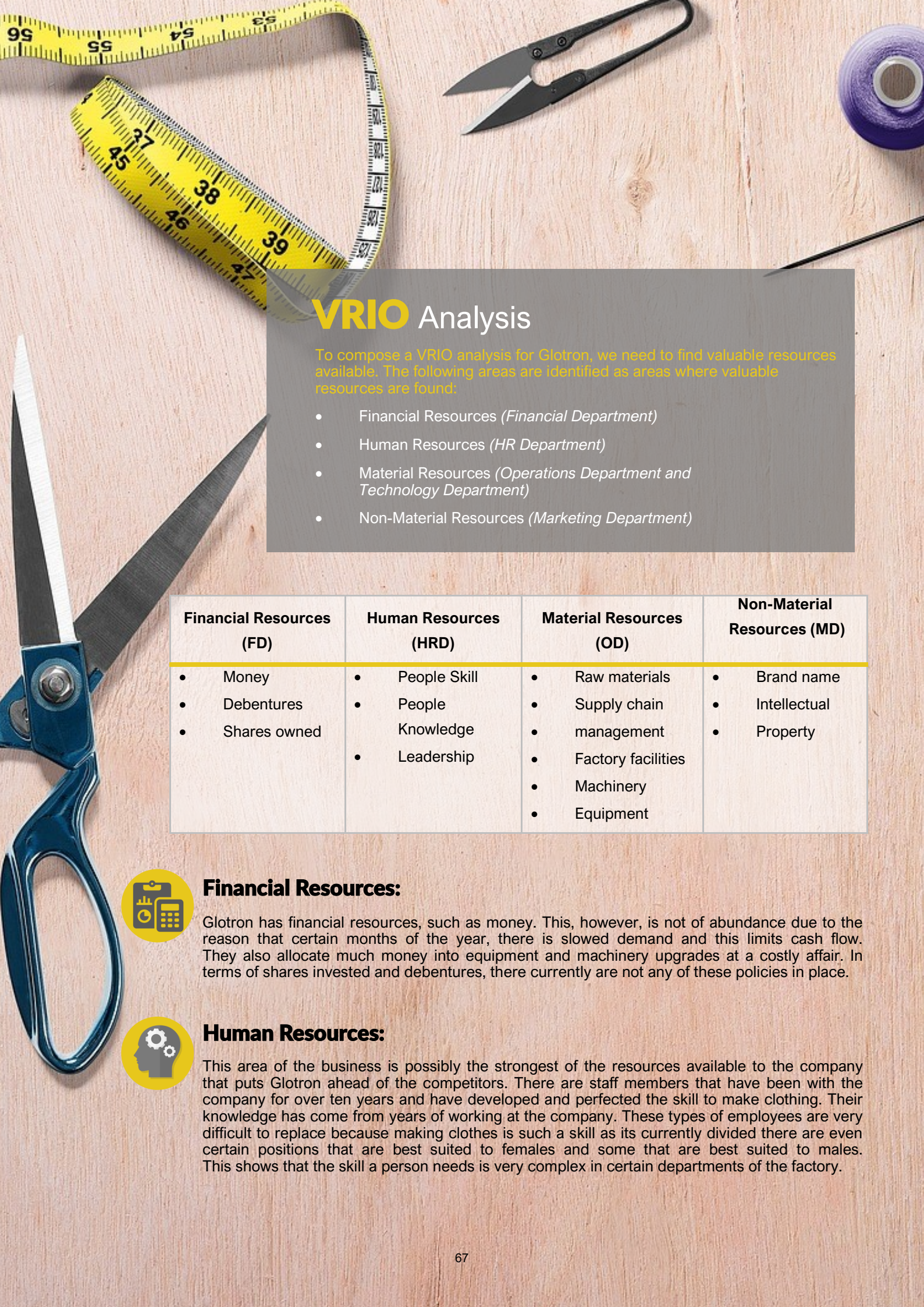
Internal weakness matched with external opportunities

Higher pricing structures at Glotron compared to previous cheaper Chinese imports will be paired up with more strategic partnerships with local suppliers. Currently, the Chinese imports will not be as cheap as previously cost due to high currency devaluations. By pairing up with local suppliers, Glotron will be able to absorb more market share that previously bought only cheap products as their pricing will not be much more expensive than cheaper Chinese imports. Large production selection and strategic direction need to be combined. Through strategic direction, choices on which products to run can be made that benefit the best profits of the business. The business relies a lot on the Owner of the business to do tasks. By linking better admin technologies, this will alleviate basic tasks that the Owner had to do.



Internal strengths matched with external threats

Highly efficient, low-cost manufacturing and the external threat of rising costs in raw materials will mean costs will not remain so low to manufacture. Technological ahead of competitors in time can become technological behind as technology is improving on a daily scale. Last year Glotron bought a high-quality market sublimation, and to date, there have been roughly three advancements on their exact machine. Wide range of product offerings will attract new customers, but this will lead to further confusion as to what to be produced and when due to lack of strategic direction.



VRIO Analysis

To compose a VRIO analysis for Glotron, we need to find valuable resources available. The following areas are identified as areas where valuable resources are found:

- Financial Resources (*Financial Department*)
- Human Resources (*HR Department*)
- Material Resources (*Operations Department and Technology Department*)
- Non-Material Resources (*Marketing Department*)

Financial Resources (FD)	Human Resources (HRD)	Material Resources (OD)	Non-Material Resources (MD)
• Money • Debentures • Shares owned	• People Skill • People Knowledge • Leadership	• Raw materials • Supply chain management • Factory facilities • Machinery • Equipment	• Brand name • Intellectual Property



Financial Resources:

Glotron has financial resources, such as money. This, however, is not of abundance due to the reason that certain months of the year, there is slowed demand and this limits cash flow. They also allocate much money into equipment and machinery upgrades at a costly affair. In terms of shares invested and debentures, there currently are not any of these policies in place.



Human Resources:

This area of the business is possibly the strongest of the resources available to the company that puts Glotron ahead of the competitors. There are staff members that have been with the company for over ten years and have developed and perfected the skill to make clothing. Their knowledge has come from years of working at the company. These types of employees are very difficult to replace because making clothes is such a skill as its currently divided there are even certain positions that are best suited to females and some that are best suited to males. This shows that the skill a person needs is very complex in certain departments of the factory.

Resource	Valuable	Rare	Inimitable and non-substitution	Organised to exploit	Impact on competitive advantage
Financial	Yes	No	No	No	Competitive parity
Human	Yes	Yes	No	Yes	Realised a temporary advantage
Material	Yes	No	No	Yes	Sustained tempo advantage/normal performance
Non-Material	Yes	Yes	Yes	Yes	Sustained/above normal



Material Resources:

Stock of raw materials for the standard range of designs, for example, materials and thread in different colours and different material types are kept in stock. Components, for example, zips are purchased in volume and kept in stock for use. What is not kept in stock is special materials and special colours. These are ordered specifically when needed.

Factory facilities are standard and no special relevance; however, on machinery and equipment, there are some niche products. They have a sublimation machine recently obtained in the factory, and this has allowed them to offer unique pictures prints onto materials. This creates an advantage over most of their competitors because sublimation machines are expensive and can for full so many different demands on clothing previously not possible to do. This sublimation adds a perceived added value to the customer as to what Glotron offers.



Non-Material Resources:

Currently, Glotron is a brand in the clothing industry for school clothing and corporate wear. Their name has grown over the years due to the offerings of great service, quality products and the offering of special designs if needed by the customer. In terms of Intellectual property, they do not have any signed patents but what they do have is their own formulated patterns that no competitor will have. These have been obtained through years of trading and can be seen as their trade secret on how their clothing is made.



Financial:

Availability of funds is a very valuable aspect to have, especially in today's economic environment. COVID 19 has hit businesses excess cash flows hard, and those that have limited cash will not be spared the negative impact. Glotron's cash reserves are limited as they invest most of their reserves into equipment and machine development. This is evident in the purchasing of a brand-new sublimation machine last year. It is not a very costly exercise to copy what Glotron has implemented in their factory as all it will entail is a building, material, some machines and workers that know something about clothing production. In saying this, It will take workers that know the production of clothing to master the art of quality. This resource is not set up to be exploited as it is not readily available.



Human

The training and skilling of employees over the years have created an advantage over competitors. These skills that employees offer in today's economy are very valuable. The rareness of these skills is also hard to find as it only comes with years of experience and hard work. Should this employee be offered a lucrative salary from an opposition company, I'm sure he would move. This means he would be able to be copied by a competitor. This resource is set up to be exploited as it has effectively utilised this capability, added values such as knowledge on pattern designs, skills to produce items quickly at low costs and employees have the skills to print any design onto clothing to meet customers special requirements. This resource is acknowledged to be of realised temporary competitive advantage



Material

Materials resource is very valuable as it allows orders to be of top quality and to be processed in the fastest time possible. By having stock of standard material colours and cotton thread orders can be produced without delay. The close relationships with material suppliers are also valuable as this keeps Glotron leading from the front with their factory in Potchefstroom. Through these supplier relationships, Glotron has service levels to their customers of only the best commitment.

Machinery and equipment are also very valuable to maintaining the Brand name. All these resources both the same and similar, are not rare and can be supplied to any competitor if requested. Opposition for example Wanted will have the supplier that can offer similar if not the same raw materials to them so they can produce their products in time for the market to purchase and even deliver to their customers with the help of their in-house Staff. Imitation is not very difficult, and all it will need is to obtain a supplier who sells cotton and thread, the purchase of some sewing machines and premises to operate out of. Glotron is exploiting their raw material resources as they are improving their supplier networks continuously in order to adjust to new demands the company faces. Currently, Covid19 has meant that the factory needed to design and produce new products, for example, masks, and they moved to align themselves with existing and new suppliers of raw materials that could sustain the quality, price and quantity required.

Non-material

Under the heading of non-material is the Brand name of Glotron. The image of their brand is well known in the market around the area of the factory and is the company's strength. Through the brand name, customers have trust and put the company in a better picture that drives customers to buy their products. Glotron's brand image is rare, and management believes that they are seen to be preferred to competitors because of their service and quality. The infrastructure would be costly to copy if someone wanted to start up in this market. New technology comes at a price in today's times. Glotron is set up to exploit this resource. They have added values, for example, sublimation that not many competitors have. They also have the ability to and willingness to make new designs and are always creating new designs for their products. This resource meets all the VRIO criteria and thus has a sustained competitive advantage. Their brand can still be promoted further as it knocks on the doors of other provinces markets, but their strength lies more in the area of the factory in the Northwest Province.



Conclusion

Glotron has had significant changes throughout the organisational life cycle. Three critical aspects that have changed the course of the business are:

The shift from Bushmen Clothing focusing solely on the manufacturing of special made clothing and other items to Glotron an **already existing partnership** and transition into a broader market including corporate gifts and apparel with various new business avenues in 2007. This strategic decision did not only see them diversify in their products and services on offer, but it also established a competitive advantage as being leading corporate clothing, gifting and special made clothing business in Potchefstroom le of industries is Glotron, Best Clothing etc.



In 2016 after the loss of a critical employee in the factory, the business started seeing a decline and focuses of management shifted to manage the situation and establish a path of recovery.

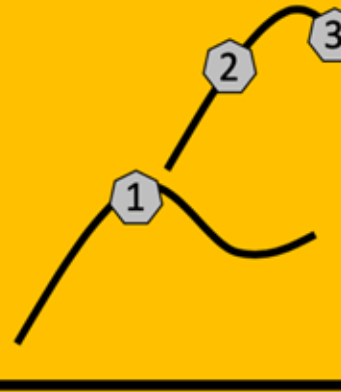
A **significant partnership** was established between a client of Glotron that was doing good business with them. The relationship formed a partnership whereby a skill set was gained as well as a large client base that allowed them to re-establish more significant contracts with more prominent companies and grow revenue and create a broader client base than Potchefstroom and the Northwest Province.



Furthermore in 2018 Glotron purchased its sublimation printer, allowing them again a **unique competitive advantage** over competitors in the local area. This machine has allowed them to design new patterns and items that they did not have before, growing their product and services available to their customers.



Change points and Change Types

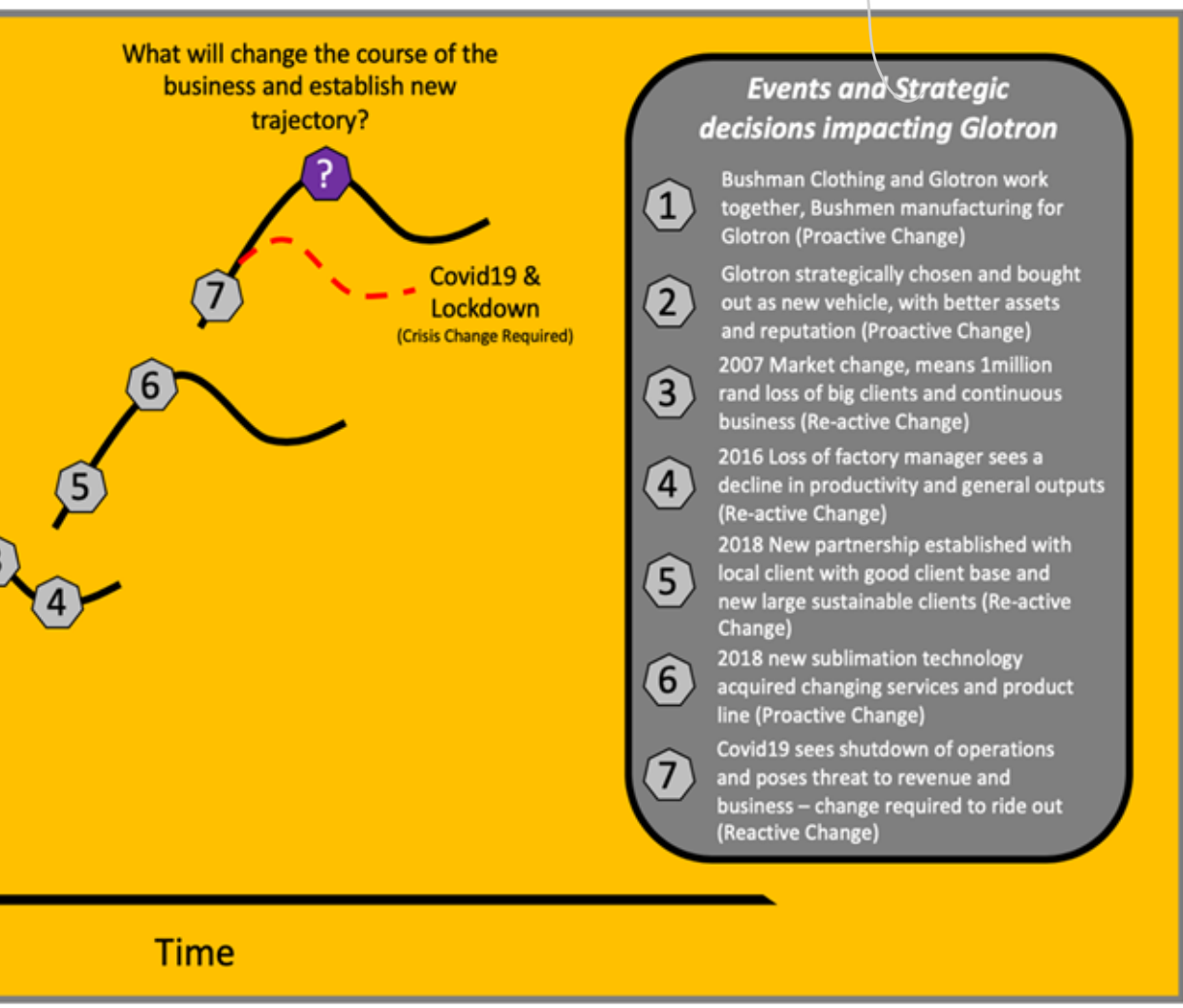


The effects of Covid19 and the Lockdown has potentially shortened the curve or created an alternative path threatening the businesses operations, income generation and possible future of the business. Glotron was unable to identify opportunities during the lockdown period to adjust and avert the risk on the company, as their workforce who are mostly not South African citizens. Under the lockdown regulations, the employees returned to their families and villages in other African countries, posed not only a staffing problem in lockdown but also pose a difficult challenge in getting the staff back as levels start lightening.

While the business was not able to operate and while they looked into dealing with staffing solutions and relief aid to maintain their workforce, there remained no possible opportunity to continue production or create working from home solutions. The inability to identify products or services during the first 60 days of lockdown meant that no income was generated during the period despite requests and enquiries that may have filtered through. Various reasons lead to this problematic circumstance including uncertainty about what one can or cannot do in the industry, the beliefs, values and disciplines to follow governments requests and dealing with personal or business-related change and COVID affected individuals personally on different levels that may have been overwhelming clouding judgment and the foresight to deal with the challenges presented by Covid19.

Only once a specific request arrived, did Glotron realise an opportunity and ability to start some form of business, PPE masks and other items have flooded the market. Glotron decided not to follow suit as other companies had, but rather focus on one thing in their line that does not require vast amounts of labour, resources and other aspects, this may bring in some income but will not revive or help them recover the losses during the past 72 days. They will urgently need to strategically assess possible avenues and aspects to re-establish operations and create products or lines that will change the course of the business.

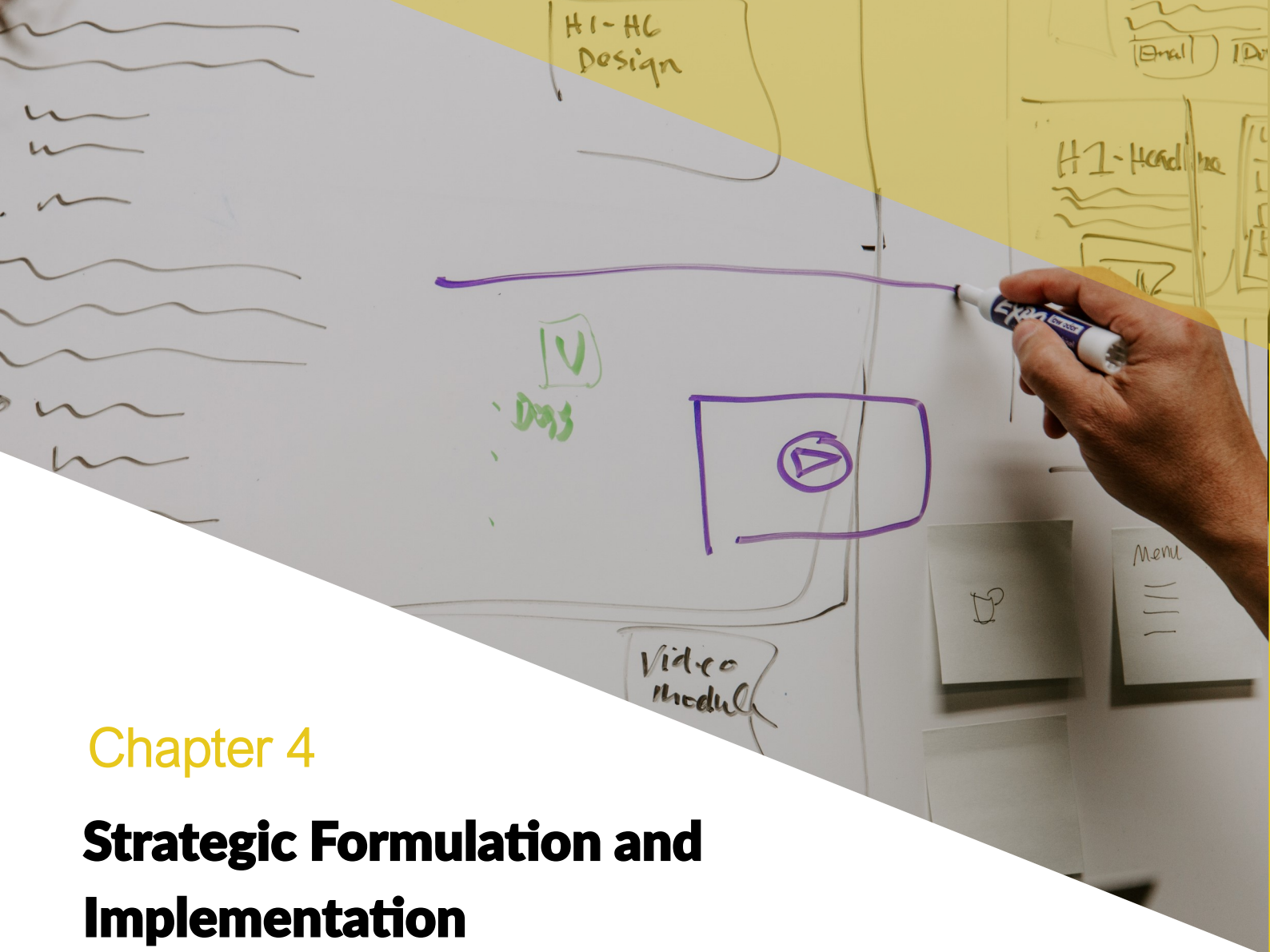
Organisational Lifecycle



A multitude of issues could have been looked at to mitigate or minimise some of these risks; these strategic aspects will be discussed further in the possible strategic solutions and recommendations that could have been implemented to deal with this VUCA environment and shall be presented in **Chapter 4**.

The key focus will be critical in dealing with re-establishing operations and overcoming the effects of Covid19. Once this has been achieved, they will need to assess what other aspects they will need to ensure the curve can maintain an upward trajectory but also start identifying their next strategic shift to be a proactive change rather than waiting for an event or factor to affect the business forcing objectives and change. A critical factor that may make significance in dealing with change and remaining agile and adaptive will be technological advances and systems that will allow them to predict and also analyses their state of affairs to geode strategic directives and direction in the future. We have seen in the risk assessments and internal value chain assessment that this could make a significance in the future operations of this business in general, but also learning from the past and building good contingency plans, protocols and policies for the future. The Internal analysis is the examination of Glotron's competency, cost position and competitive viability in the market place. The different internal analyses will help Glotron highlight the areas of strengths and weakness in the company.

Our findings found that Glotron has strong competencies in areas of customer service, specialized product design and materials of quality. These aspects give them an advantage over their competitors. Their cost position was weakened due to factors well within their control. Through the use of these findings in our analysis, Glotron will be able to strengthen their business functionality if marginal adjustments are made. Competitive viability answers are found in the analysis and give direction to Glotron that they need to take to be the leader in the race of their market. Recommendations for the improvement of the findings in our analysis will be made in **Chapter 4**.



Chapter 4

Strategic Formulation and Implementation

Introduction

During this section, the focus will be on the pillars of strategy execution, namely, formulation, implementation and ways in order to assess and evaluate the impact of the strategies formulated.



Components of Strategic Management (Juneja, 2018)



“ The essence of strategy is choosing what not



Good strategic leadership entails that the business has a good strategy and aligned business model. This will assist with strategy execution and be a clear indication of whether the organisation is meeting/exceeding performance targets.

As part of the strategic management process, an in-depth analysis of Glotron's external and internal factors has been executed in order to assess their current strategic positions as well as their current business position.

Recommendations will be made in order to strengthen their strategic goals and objectives, ensuring seamless integration and implementation of new key aspects throughout the business and its different operational units, will allow the organisation to grow and develop new possibilities, further enhancing their competitive advantages and maintaining or gaining a larger market share.

During this investigation and study on Glotron, there has been a significant occurrence and different Pandemic that has impacted both the local and global economies. The Covid19 Pandemic and global shutdown to curb the virus has potentially changed both short term operations and long-term business operations and activities in many businesses despite their size across many different sectors. The Pandemic has brought its challenges but also has taught critical lessons in many spheres that is vital to learn from for the future. In this section, there will be a dedicated section for recommendations both generalised and specific to Glotron.

Team engagement has been essential throughout this process, and key measures should be introduced to track performance more frequently. Strategy execution is an ongoing process and should be amended as and when the need arises.

to do” – Prof Michael Porter

Setting Glotron's Objectives

From the analysis, Glotron has established objectives. These objectives have been surviving in the business and not necessarily directing and driving the daily operations to a collective and structured goal.

Although the objectives that they set were experienced by staff and by their clients, it was not im-bedded in everything that they do.

The existing objectives were vague and outdated for their cur-rent business position.

Glotron's Vision:



A vision statement is a company's road map, indicating what the company wants to become by setting a defined direction for the company's' growth.

A vision statement is simply a company's self-centred, egotistic and selfish pleasure-seeking goal that directly attracts and motivates its employees. (Lipton, 2019). The vision statement will inform what Glotron will become in the future.

Glotron's Old Vision:

Create job opportunities and to become the most prominent and most influential in their market.



Glotron's New Vision:

Establishing ourselves as market leaders in delivering exemplary customer experiences while pursuing and sustaining market growth

Reasons for change:

Glotron's Vision has to be adapted in order to provide an obtainable destination for its employees and management. The new Vision aids them in focusing on becoming market leaders and enhances one of their core strengths, customer care. The new vision statement would not only stretch them, but it will also provide a big picture to clients and competitors in their industry. An opportunity may be created for their management to create distinct strategic objectives, which will build and strengthen their organisational culture as well as provide good strategic direction in each segment of the business, aiding in measurement and management of performances and outputs.

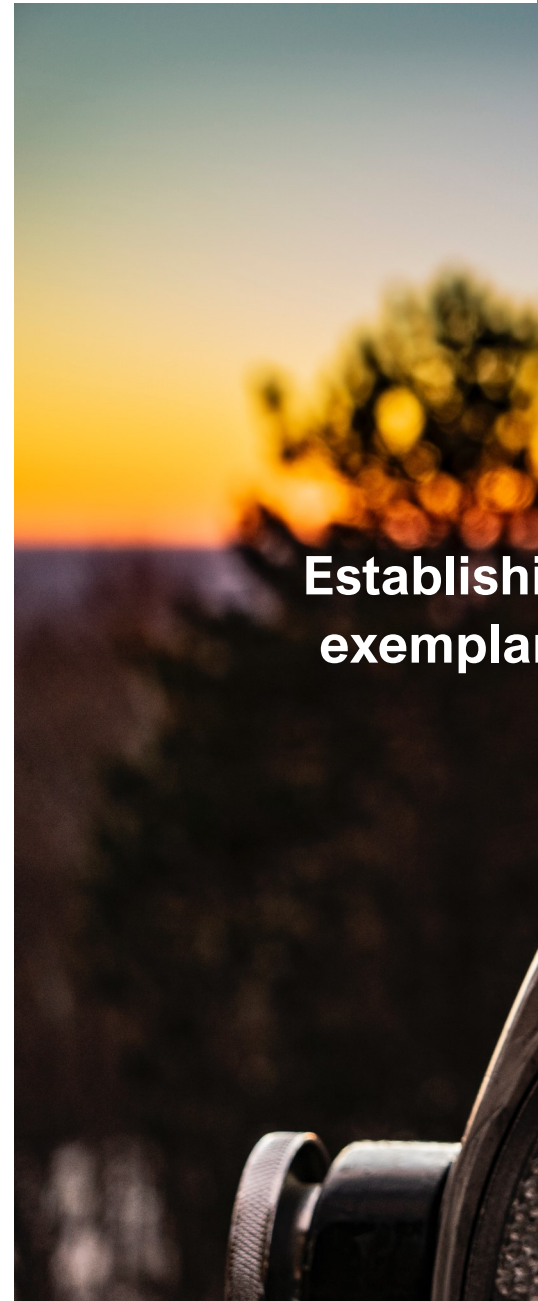
Glotron's Mission:



A mission statement is a guiding light as to how to get to the set direction in their Vision. It is how you will achieve the Vision set out. A mission statement also explains in a short statement as to why a company exists, what their overall goal is, identifying the goal of its operations, what kind of product they provide and its primary customers being serviced.

Glotron old mission statement:

To provide the best service to our clients by producing high-quality products at reasonable prices, always deliver on time, and to show integrity.



Establishing
exemplary



Glotron's New Vision:

Glotron seeks a high standard of customer service and experience through providing high quality services and products whilst delivering on time and upholding out integrity. The company aspires to be recognised as the leaders in customer care, cost effectiveness, innovation quality management and re-engineering.



ing ourselves as market leaders in delivering
ry customer experiences while pursuing and
sustaining market growth

Reason for change:

Glotron's original mission statement was by far the most felt throughout the business, with the most predominant features being customer care, product quality and integrity. The adaption to the mission statement of Glotron was done to maintain the key traits already well established in the organisation, with developing distinctive and easily recognisable guidelines in order to achieve the vision statement of Glotron. It added emphasis not only to the aims for employees, but also specifically provides more ridged guidelines for management, yet appeals to both internal and external audiences about the company and what makes Glotron unique.

In order to make the Vision and the Mission predominant in the workplace, values are required in order to bring them to life. Glotron had some unique values that were not visible nor well established in order to become part of the daily routines and actions of all employees.

Glotron's Core Values:

In order for Glotron to achieve its goals, values are required to be created, displayed and continuously reiterated in order to bring its employees towards its common goals. These values need to be part of the daily routines and be integrated into the key performance indicators not only for employees but also for the organisation. These core values explain how employees are expected to behave towards each other, with customers, with suppliers and any of Glotron's stakeholders. These values will further aid Glotron to build and affirm their organisational culture and leadership, further developing their uniqueness and competitive edge within the market place.





- **Integrity and honesty** – ensuring we have honest relations with our clients by ensuring ethical and sincere conduct
- **No Job to Small** – We offer similar quality and pricing to all our clients despite the nature of the work
- **Quality** – We strive to ensure that every action is of a standard that will be pulled through into the quality of the final product and service.
- **Pliability** – Our ability to be flexible and open to growth.
- **Better together** – Each member a unique skill set that ensures the success of others and the business.
- **Clients, the best marketers** – our client's services and experiences will determine the success of the business through word of mouth.

NEW

Key partners	Key activities	Value propositions	Customer segments
Customers: - Local Schools - Tertiary Education Institutions - Tertiary Education Hostels - NWU sport - Local provincial sporting clubs - Local businesses - Surrounding Provinces Businesses - Surrounding Provinces Schools - Toyota SA - Super cast Fishing - Mittal Steel ► Suppliers: ❑ Raw material: - AF textiles - SA textiles - Lining and textile - Lagoona ❑ Off the shelf goods: - Kevro - Amrod - Mass supply - Barron ❑ Other: - Courier Guy - Absa small business banking - Laser Craft - Printing Things	- Designing of specialised Corporate - Clothing - Manufacturing of school wear - Tertiary Institutions Clothing Range - Embroidering of logos - Production of Facial Masks - Supplying of corporate gifts - Designing of sportswear. - Printing of sublimated clothing. - Supplying of safety gear - Repairs and tailoring - Designing of exclusive sportswear. - Scheduling and administration. - Delivery of orders	- Quality textiles - Investing in the best quality materials to ensure value for money. - Ownership of factory ensure they are not dependent on other parties and can ensure on time delivery - All work done in house - No reliance on outsourced companies so no delay. - Large Inventory Holding - Ensuring stock on hand for school clothes - Customization - Glotron has their own factory where clothes are manufactured, this enables them to adhere to requests for custom made products and individual sizing. - In house designer - Enables the delivery of unique designs. - Specialised Equipment - Their Sublimation printer enables them to print designs that is not possible with regular manufacturing.	- Personalized clothing with own designs - Competition in quality and price - Dedicated attention to customer needs - Own factory to ensure quality and control - Helping customers to find the right size - Handmade

Cost structures	Revenue streams
► Glotron focusses on both cost driven and value driven models ► Cost driven products - standard items where products are price dependent ► Value driven products - specially designed products as per customers' requests ► Labour - owning their own factory cause high labour costs ► Electricity - owning their own factory cause high use of electricity ► Textile cost ► Haberdashery - all small items used in sewing like zips, buttons etc. ► Courier costs - for delivery of products ► Variable Costs - Direct labour costs, raw material costs, interest and general expenses ► Fixed cost - Utility bills, insurance, management salaries	► 30% of the revenue comes from the sale of school uniforms and is mostly school uniforms ► 5% of the revenue comes from the sale of other products. For example, school bags ► 65% of the revenue comes from the sale of custom made clothing ordered in big quantities ► Increase revenue stream by selling to schools, surrounding communities

Customer relationships	Customer segments
Personal assistance – Customers interact directly with all customers by personally handling all enquiries as they have the knowledge and skill. Communities – Through word of mouth products word of mouth marketing occurs in community Personal assistance – Customers interact directly with all customers by personally handling all enquiries as they have the knowledge and skill. Communities – Through word of mouth products word of mouth marketing occurs in community Personal assistance – Customers interact directly with all customers by personally handling all enquiries as they have the knowledge and skill. Communities – Through word of mouth products word of mouth marketing occurs in community	Most important customer groups: ▶ Companies – Local companies corporate wear ▶ Schools - Local schools' school wear and sport wear ▶ Tertiary Institutions - Clothing for these local Institutions clothing wear, hostel wear and their sporting wear ▶ Factories: Local Industrial factories using safety gear. ▶ Surrounding Companies: Corporate Wear ▶ Surrounding Schools: School wear and sport wear ▶ Surrounding factories: Using safety gear
Channels	
Technology Channel – Glotron has a website and facebook account that markets their products to new and existing customers that creates awareness. Technology channels – Development and promotion of Glotron products through LinkedIn, Radio and publication companies. Marketing strategies – Existing customers need to be targeted for example through pamphlets on schools' notification boards. One on one contact - Primary channel through which Glotron communicates with their customers and suppliers. Word of mouth – Many of their customers are acquired by word of mouth. 5% of customers are acquired by external marketing but this can be increased through new channel development	
Revenue streams	
Revenues from direct sales to walk in clients at the shop selling clothing. Revenues from recurring sales from partners that act as an advertising companies. Revenues from projects where customised clothing is required, example hostel T-shirts. Revenues from local private sporting clubs, surrounding companies, surrounding institution.	



An integrated approach was taken in order to develop their organisational goals and objectives through identifying key strengths, resources and understanding their market-related features. In doing so, the above business model has been developed, in order to ensure that all aspects and activities within the business drive their new objectives and goals. Glotron has many resources and key activities that make it unique as well as competitive in their market.

The business model and strategies have been refined and streamlined in order to give clear purpose and direction for Glotron in the future. They need to improve in key financial areas and focus their attention on every aspect that can make them unique and drive their competitive advantages further. Their environment is volatile with regards to new entrants in the market. However, who do not last long, they need to keep building their brand and reputation in order to reduce the effects of their competitors and reclaim aspects and segments within the market.



New proposed business model for Glotron



Evaluating Glotron's Environment

An extensive analysis of Glotron's internal environment, through a SWOT analysis, has highlighted the most important aspects and resources that Glotron will find relevant to their key strategic decisions for the business in the future.



Competitive analysis:

We must answer these questions:



Internal strength analysis (resources):

- Technologically advanced above competitors
- Good quality products with leadership in product innovation
- Specialized design as an extra service to customers
- Highly efficient, low-cost manufacturing
- Wide range of products



Internal weakness analysis (resources):

- No proven methods for revenue growth (long- and short-term growth nonexistent)
- Management to be involvement in the day to day activities



External opportunities analysis (market & industry):

- Local expansion (new clients)
- Reaction to external factors (Covid19)
- The utilisation of e-commerce for marketing to grow the business
- Upgrading Admin technology
- Technological advancements in machinery



External threats (market & industry):

- Economic conditions and new regulations
- New entrants to the market and Lower-priced competitors
- Long-standing effects due to Covid19
- Strategic direction or lack there off
- Labour problems leading to downtime

Covid-19

Covid19 has impacted Glotron drastically and forced changes to their SWOT analysis model in order to deal with both short-term and long-term objectives.

Through the strategic formulation process, their strengths have been highlighted and enhanced in order to secure their position in the market. Glotron's weaknesses are aspects that the newly implemented strategies will help improve both short-term and long-term goals. Their external opportunities are an area that is of most importance as their speed and ability to react and implement will ensure that they can quickly gain the benefits but also gain important strategic advantages, aid-ing their ability to grow in the short, medium and long term. The most pertinent aspects of the economic climate and Covid19 needs to be reacted on in order to ensure both sustainability and build buffers for the potential effects that may harm the business, which can already be seen in their market and other businesses in other sectors around them who are struggling.

Through the PESTEL Analysis Glotron's external environmental impacts have been summarised according to the most important factors that will have an impact both for the short-term and long-term. These external aspects have impacted the strategic formulation and direction they now envisage.

GLOTRON'S PESTEL ANALYSIS	
Political	Increased pressure by government to become BBBEE compliant. Assistance under disaster management act non applicable due to governments regulatory policies Delayed response from Governments roll out for assistance
Economy	Further decline in macro environment due to covid19. Interest rates currently at an all time low due to covid19. Labour and energy costs increasing rapidly due to governments in-ability to perform Buying power of customers declining due to economic climate
Social	Increasing population of people that need to be targeted. Ever-changing market trends in the clothing sector. New employee entrepreneurship needed to create own designs.
Technology	Implementation of new technology for assessment parameters Increase in internet marketing to grow the business Increase in brand awareness through technology Re-usable energy and alternative energy solutions
Legal	New legal regulations instated by government due to Covid19 Social distancing regulations Wearing of safety masks all the time Available sanitizer for employees Strict labour regulations and continuous strike threats
Environment	Utilisation of waste materials in product creation for example safety masks. This will allows for better material management

The impacts of Covid19 have not only had dire short term effects, but they have also taught critical lessons that may have longer-term impacts, namely:



Legalities: laws and legislations will be affected in both the short term and long-term, different sectors will be impacted more than others. There has been mention of possible legislative changes try to solve economic problems through more local produce and fewer exports and will need to be monitored closely for it is impacted.



Economic Climate: will potentially see a reality where buying power (cash related) will reduce between 6-12 months as retrenchments and pay cuts remain a reality of Covid19. Buying power may potentially grow in credit-related areas but may pose a risk that Glotron should not delve into at this stage. Long term effects will potentially play on exchange rates and pricing of resources and products that they produce.



Technology: this is the future and an area that may have aided better in the period of Covid19 as well as long-term. RSA is behind in terms of global trends and the demands for online purchasing and ordering. Ease of access is a key customer experience and service that needs to be developed and invested in for the future, adding not only to customer experience but providing other analytical benefits as well.



GLOTRON COMPETITIVE ANALYSIS

Competitors	<i>Top Competitors: Best Clothing, No Limits, certain T-Shirts, Pukki Winkel, Wanted and Xco. Where: All business are based In Potchefstroom Competitor structure: Horizontal</i>
Financial	<i>Profitability: All opposition are profitably sound, with varied shared and different client bases. Growth: No limits, Pukki Winkel and Best Clothing have a large corporate backing and potential for growth. Other opposition growth is relative and varied due to personal ownership and challenges. Ethical: Some opposition run on inferior quality, do not deliver on time or with expected client quality as well as find unethical ways to obtain clients and business.</i>
Product	<i>What: Corporate wear, sports wear, safety wear and accessories. New Products: Corporate gifting and Printing (numbers not material) Brands: Major role players Barron and Amrod, Some have their own brands (No limits, Puki Winkel, XCO). Patents: No patents</i>
Customers	<i>Market segment: Corporate companies, Manufacturing Companies, Educational institutions and walk in clients. Growth rate: Most competitors are relatively newly formed so growth has been strong but with limited new clients. Customer Loyalty: Most customers are price sensitive so loyalty is low, most customers stick with what they know and whom they know.</i>
Advertising and sales	<i>Distribution channels: Online or Electronic, Direct (Shops or agents), Flyers or Social Media Promotional strategy: Social Media, Electronic Mails, Catalogue, Samples and Surveys (Xco), Sale force size: All local role-players are between 1-5 persons Pricing and discount structure: most competitors pricing is market related and fixed due to middle men and other businesses in between. Only No Limits and Xco offer sales and discounts due to large warehousing and inventory capabilities.</i>
Personnel	<i>No of employees: All local role players are between 1-10 staff – Only Xco is larger as they are national. Skill of employees: Limited in relation to Glotron. Most are sales agents or involved with printing and delivery of items. Equipment investments (AI): Only Xco has technologies, bots and advanced investments</i>

A further look at their competitors has provided unique opportunities and areas that could be focused on allowing them to gain further market share or securing and maintaining a competitive edge with the resources that they already have or possibly can acquire for both the short term and long-term

With a greater view of their internal and external factors, five critical areas of focus will be required to contribute to their greater objectives and goals. These areas are directly related to business segments within Glotron that will require, namely: **Marketing, Operations, Finances, Technology and Leadership**

Specific targets and strategic objectives will need to be developed for these segments in order to deal with both internal and external impacts, turning them into opportunities and competitive advantages.

Setting Qualitative Targets

Glotron's Critical Success Factors:

The following Critical Success Factors have been based on industry norms as well as competitive aspects that Glotron will require in order to maintain a competitive edge over other companies in the market as well as maintain or grow their market share.

Area of CSF	Description	Reason or Strategic Alignment
Technology	- Reusable Energy and Alternative energy solutions – reduce productivity down time - New advanced machinery – assisting in productivity and reduction of lead times - Information Technologies: data analysis and feedback – management tools - Efficiency improvement and long-term cost reduction options – energy consumption and maintenance	- Competitive advantage - Innovation and Market leadership - Reduced downtime – sales and delivery of products on time - Real-time measurement, quality assurance and re-engineering
Manufacturing	- Digital product development and product strategy - Multiple production lines – schedule or cycle based approaches - Efficiency and cost effective – meet demands of customers - Layout – efficiency – supply management (in – out) - Strict Compliance – labour and regulations - Workforce management	- Competitive advantage - Quality control and productivity - Product or service variation - Cost Effectiveness - Labour relations , governance and management
Distribution	- Customer centricity – right time, right product and quality - Adaptability to changing demands/requirements - Inventory management and stocking management – investments, risks and availability - Reliability - suppliers to distribution - technology and other distribution solutions - relations with couriers/delivery agents - Sales reps, sales staff at office/other - After sales service	- Competitive advantage - Innovation - Product delivery on time - Customer experience, satisfaction and service - Fiscal and operational management
Marketing	- Personalization – catering for specific needs and demands - Trends – updating and reviewing products and lines - Efficiency and Variation in methods of communication with clients - Artistic and Creative displays – online and offline - Packaging and methods of displaying product at sale	- Competitive advantage - Brand awareness and brand loyalty - growth of client base (market growth) - Customer service and sales - Relevance and ease of access
Skills and Capabilities	- Training and skills transfer - Culture, values and principles based workforce – soft skills improve productivity - Balance multi-skilled workers and specialized workers (ability to operate specific machinery) – ensure consistency in productivity - Work force management – shifts, flexible staff, reserves	- Competitive advantage - Organizational culture - Productivity - Service/Client centred - Delivery on time - Integrity

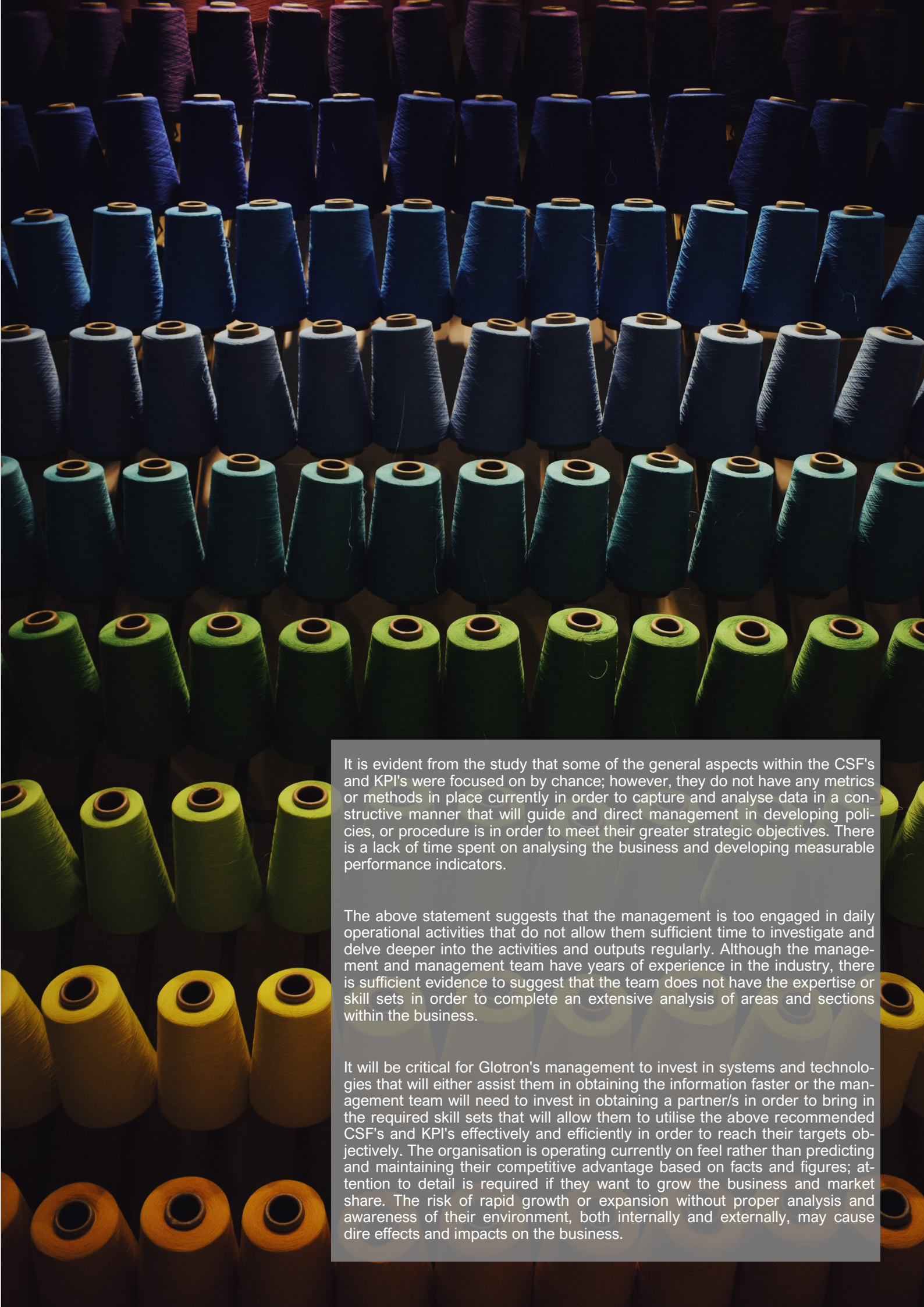
Glotron's KPI's: per area (Québec by Info entrepreneurs, 2009)

In order for Glotron and the staff to be able to achieve the organisational goals, it needs to establish measurable qualitative indicators. These indicators can be specific to the organisation and disseminated through to operational sectors or departmental goals, which would further be broken into tasks and key performance indicators in the different employee roles or job descriptions. This does not only provide clarity, but it provides direction and specific, measurable actions and outputs and allows the organisation the ability to move or allocate resources to key strategic areas to achieve its core objectives.

Area of KPI	Description	Reason or Strategic Alignment
Finances	Profitability Ratios	Competitive Advantage
	- Gross profit margin - Maintain 40% margin or higher	Financial well-being of the business
	- Operating margin - Short Term: 2% Operating Margin - Medium Term: 5% Operating Margin	Flexibility and Adaptability to Market or the economy
	- Nett profit margin - Short Term: 2% Nett Profit - Medium Term: 5% Nett Profit	Covid19 Pandemic or unique situation readiness – Survival Strategy
	- Return on Sales - Short Term: 2% Nett Profit - Medium Term: 5% Nett Profit	Market Growth and Sustainability – related
	- Return on Assets - Short Term: 2% Nett Profit - Medium Term: 5% Nett Profit	Business growth:
	- Return on Equity - Short Term: 2% Nett Profit - Medium Term: 5% Nett Profit	Development
		Expansion
		Technology and Equipment
		Acquisition of other resources
	Liquidity Ratios	
	- Current Ratio - Reduce carrying of inventory and sell dormant stock to obtain 2:1 ratio Short to Medium Term.	
	- Acid Test - Reduce figures closer to 2018 trend of 1.5:1	
	Debt to Assets	
	Leverage Ratios	
	- Maintain sub 0.5% annually	
	- Debt to Equity - Maintain improve on lowering 0,5:1 ratio	
	Activity Ratios	
	- Inventory Turnover - Short Term – Medium Term: 5 times yearly	
	- Average collection Period - Short Term – Medium Term: 30 Days	
	- Creditors Payment Period - Short Term – Medium Term: 60 Days	

Glotron's KPI's: per area

Area of KPI	Description	Reason or Strategic Alignment
Customers	- Sales data - Preferences and trends - Inventory or production requirements - Financial and Strategic management - Customer complaints - Questionnaires - Product satisfaction and review - Service or experience reviews - Trends and suggestions - Communication / marketing related reviews - Sales or Staff analysis – electronic or video analysis (performance/training) - Customer relationship management (CRM) software and technologies - Interviewing/Researching non-clients or widening potential customer base for product development or feedback. - Review of lost clients – Why?	- Competitive Advantage - Customer centric and improved services and products - Innovation and Re-engineering - Adaptability to trends, designs and fashion related aspects - PR and Relations management - Training and skills development or improvement of staff/employees - Sales objectives and targets - Develop or growth of client base and market share - Loyalty or loyalty program development - Data basing and marketing related
Employees	- Formal Meetings - Performance appraisals - Sales or Production Statistics - Projections or targets - Surveys and Complaints	- Competitive Advantage - Staff retention and prevention of loss to competitors - Personal management and development - Relations - Productivity – sales and delivery of services and products on time - Organisational culture, acknowledgement and care - Incentives, accomplishment or inclusivity in growing the business - Work satisfaction, morale and motivation assessment
Benchmarking	- Internal - Individual vs Individual (Rep A vs Rep B) - Operational area against another (i.e. Finances vs Sales) - External - New opportunities or perspectives - Key industry learnings (positive or negative) - Stretches the organization (comparisons, targets or dreams) - Resources – sharing or acquiring of new resources	- Competitive Advantage - Re-engineering - New resources or suppliers – Operations or Supply Chain Management - Norms and Measurement Tools – Quality assessment or controls - Innovation and leadership
Manufacturing	- Not right first time (NRFT) - Stock turns (ST) - Delivery schedule achievement (DSA)	



It is evident from the study that some of the general aspects within the CSF's and KPI's were focused on by chance; however, they do not have any metrics or methods in place currently in order to capture and analyse data in a constructive manner that will guide and direct management in developing policies, or procedure is in order to meet their greater strategic objectives. There is a lack of time spent on analysing the business and developing measurable performance indicators.

The above statement suggests that the management is too engaged in daily operational activities that do not allow them sufficient time to investigate and delve deeper into the activities and outputs regularly. Although the management and management team have years of experience in the industry, there is sufficient evidence to suggest that the team does not have the expertise or skill sets in order to complete an extensive analysis of areas and sections within the business.

It will be critical for Glotron's management to invest in systems and technologies that will either assist them in obtaining the information faster or the management team will need to invest in obtaining a partner/s in order to bring in the required skill sets that will allow them to utilise the above recommended CSF's and KPI's effectively and efficiently in order to reach their targets objectively. The organisation is operating currently on feel rather than predicting and maintaining their competitive advantage based on facts and figures; attention to detail is required if they want to grow the business and market share. The risk of rapid growth or expansion without proper analysis and awareness of their environment, both internally and externally, may cause dire effects and impacts on the business.



Aiming in context with the divisional plans.

Human Resources Aspects:

Factors such as workforce, materials, finance and the market dynamics determine the successful functioning of the clothing industry. Workforce takes greater importance between all these variables. Furthermore, this argument is supported by the facts that about 20 per cent of a garment's cost price is comprised of labour. The way people are guided, inspired, or exploited can, therefore, be determined on whether the enterprise can succeed and thrive or fail (Enam, 2020). It thus follows that human resource planning plays a crucial role in developing textile businesses, both in daily operations and in achieving long-term goals. Below listed are some recommendations for Glotron on their H.R. strategy.



Performance appraisal

People have a strong need to know whether they are improving and that they are utilising their skills and abilities in a way that creates a difference to the company. To this effect, we recommend the following to Glotron:

- Set targets in liaison with employees
- Undertake biennial performance review of their employees
- Determine whether employees are performing according to expectations or above expectations
- Develop a reward system for employees which is based on tangible, countable output determination
- Develop a promotion system which motivates workers and give them objectives which they feel they ought to achieve
- Build management skills in long-serving experienced workers and give them management responsibilities.



Training

Materials resource is very valuable as it allows orders to be of top quality and to be processed in the fastest time possible. By having stock of standard material colours and cotton thread orders can be produced without delay. The close relationships with material suppliers are also valuable as this keeps Glotron leading from the front with their factory in Potchefstroom. Through these supplier relationships, Glotron has service levels to their customers of only the best commitment.

Human Resources must build strategies to prepare workers to respond to emerging technologies that can enhance manufacturing processes in the growing textile industry. Ideally, training programs typically help employees enhance their career growth and update their competitiveness when dealing with new products. We recommend the following for Glotron:

- Introduce crash training programs for workers to ameliorate losses which can be caused by absenteeism
- Continuous improvement training and retraining of employees
- Examination based training programmes after which employees can get certificates which acknowledge their competencies
- Develop exchange programmes with other textile industries for which employees can get experience from other companies within the textile sector
- Promote an "all workers can work in all sections" policy which reduces dependency on some individual workers and stunt production if they are absent from work.

Compensation Policy

In order to motivate their current employees to remain and attract eligible candidates to their business, Glotron human resources plan must develop an attractive salary and compensation policy. In this regards, the following is recommended:

- Periodically review salaries to ensure that employees are remunerated competitively
- Introduce a performance-based incentive remuneration system which can guarantee bonuses other than the traditional yearend bonuses.

Customer Service

- Train staff to have extensive knowledge of products so that they are in a position to answer any questions asked by customer and not have to refer to people at the manufacturing unit unnecessarily
- Use customer feedback constructive to determine the needs of clients
- Accept liability for customer complaints and investigate ways of reducing complaints and increasing customer satisfaction

Work environment

The following issues need to be addressed to ensure a safe working environment for employees:

- Implement safety and security measures which include the installation of; CCTV system within and outside the work area, fire alarms and sprinklers.
- Promote an open-door policy which encourages bottom-up communication and thus improve communication and productivity
- Encourage cultural diversity and allowing employees holidays marking their religious festivities like Eid, Ramadan, Easter and others
- Engage in team-building exercises for the employees enhancing cohesively and thus boosting productivity
- Schedule regular fixed agenda meetings with workers for brainstorming and problem solving
- Arrange for a regular meeting with worker's union to update on company standings which encourage transparency supported by factual financial data for the company. This will gain the confidence of the union members and will facilitate easy disciplining of errant workers and also discourage unreasonable salary demands.
- Instil knowledge in workers that their jobs and future development are dependent on the continued survival of the company.





Aiming in context with the divisional plans.

Financial Aspects:

The financial strategy of a company looks into the allocation of funds concerned in terms of what procurement has occurred. The basic purpose is to ensure adequate and regular supply of funds fulfilling the present and future requirements of the business enterprise



Past financial strategy at Glotron

At the best of times, the financial strategy imposed by management at Glotron was unknown. There were aspects of strategy present in certain years, for example, 2008 when the decline in the industry occurred. It is during this period that Glotron looked to implement new strategies of cost reductions and diversification in the business. Currently, the financial strategy is to keep the business afloat through the day to day activities present and make sure the employees' salaries are covered



Future financial strategy at Glotron

Glotron needs to set financial goals in order to determine the financial strategy needed in the company. The goals for Glotron are the following but not limited to:

- Increase in Sales
- Reduction in cost of sales
- Reduction in variable and fixed costs
- Increase market share
- Increase profit margins



“Beware of little expenses. A small leak will sink a great ship” - Benjamin Franklin



The future financial strategy to obtain these goals will be covered in 4 broad sections that Glotron needs to implement:

- **Evaluate current performance** – yearly evaluation of how Glotron is performing needs to occur. The performance is measured through the analysis of financial ratios as compiled in the Internal Analysis section. Through evaluation, Glotron will find areas of weakness that can be improved and strengths that can push the company ahead in the market. Glotron through the ratio analysis shows that they are very well positioned in terms of debt to equity but need to work hard on improving the return on sales and return on equity.
- **Financial forecasting model** – This model must be designed by comparing month to month sales comparisons for the last three years. Through these totals, the company will get a very good estimate of what Inventory will be needed going forward for each month. Currently, Glotron has an overabundance of Inventory, and it is reducing the available cash in the business that could be used for better purposes to grow the company. The ratio for inventory turnover has increased from 3 months in 2015 to 5 months in 2019, which means that the stock holding is too high because the sales in the company are still showing growth.
- **Sales and expense budgets** – Drawing up of sales and expense budgets will grow the business upwards and limited the costs to get there. Accurate sales and expense budgets will allow Glotron to make better-informed decisions, keep expenses in line and ultimately keep the company from failing.
- **Capital Structure Planning** – Should Glotron want to diversify now would be the best time to do it. With very low-interest rates and the likelihood of the interest rate remaining low due to the effects of Covid19, borrowing cash will not cost a lot. This will grant access to needed cash reserves to grow the business at a low cost. As mentioned by management, they have access to an R200 000 loan facility should they need it.



RESERVE BANK

- **Credit terms changes** – From the current situation, Glotron allows customers to take up to 90 days to pay their total amount due on invoices. The company needs to implement stricter payment policies, and invoices should have 70% deposits on order placements. The balance of the invoice should be settled with 30 days after goods are received. This will allow for more cash to be available for Glotron. Currently calculated Glotron has a 40-day collection period on Invoices and if this can be reduced to 30 days, then better planning can occur.
- **Other financial considerations** – Implementation of cash flow budgets weekly will give Glotron better control over excess spending. Currently seen in the financial ratio analysis is the excessively high expenditure account that clears any gross profit present in the company. Through weekly cash flow budgets, these expenses can be monitored regularly and limit unnecessary spending.
- Through marginal costing analysis, they can compare what their biggest competitors are selling and for what price so they can see that their margins remain at the highest point. This will allow them to analyse their cost of sales and see if they can reduce this to increase their gross profits and ultimately lead to improved profit planning.



Aiming in context with the divisional plans.

Leadership Management:

According to Kellerman, cited by Kreitner & Kinicki (2010), the various definitions of leadership got four shared goals: an engaged, serving and self-sacrificing process between a leader and followers involving social influence within multiple levels in an organisation. The focus is on goal accomplishment.

Glotron leads and portrays a culture of individualism, and through product customisation, the quality speaks for itself. They display both transactional, transformational and Laissez-faire leadership styles and are mostly seen as role models to their subordinates. Below listed are some recommendations for Glotron on their Leadership and Culture strategy to help them overcome certain barriers.



Organisational Culture drives strategy

Culture refers to the business internal work climate, the soft stuff; the way business is done.

- Highlight conducive facets in the current culture, propose new behaviour and work practices prominent to the new culture, both substantive and symbolic of driving strategy execution towards company performance
- Lead by portraying company values.
- ALIGN, clarify and communicate strategic priorities.
- Remove excess corporate long-chain obstacles/red tape to customer service delivery.



Transformational leadership

They play an essential role in people's need for a sense of meaning and identity:

- Engender trust and inspire followers to exceed expectations
- Seek to develop leadership in others and serve as moral agents, focussing on company objectives.



Transactional leadership

Transactional leadership focusses on role clarification of employees and providing rewards dependent on performance.

- Set clear goals and monitor progress toward goal achievement
- Reward good performance and punish bad behaviour and performance.



Laissez-faire leadership style

A laissez-faire approach involves "no leadership" as the leader does not manage the employees and over delegate responsibilities to such an extent that the leader takes no notice of problems when they arise. Employees will make decisions, and the leader provides no clear vision and objectives.

- Make continuous adjustments, stay on top of the game, constructive pressure towards operational excellence
- More attention to the failure to ensure quality standards.





“ The courage of leadership is giving others the chance to succeed even though you bear the responsibility for getting things done.” - Simon Sinek



Job satisfaction

Job satisfaction refers to an effective or emotional act concerning different aspects of the job.

- Clear communication with high expectations, which motivates staff to act beyond their framework, include leadership development plans
- Promotes intelligence, rationality and careful problem solving
- Gives personal attention and provide stimulation, coaching and advise
- Respect, honesty and teamwork with open relationships to address any matter during difficult circumstances.



Engagement

- Engagement can be seen as the extent to which employees commit and intent to stay in an organisation:
- Connect and align job satisfaction to organisational strategic direction.
- Every person should be clear on their role and impact to satisfy both organisational and customer needs. Stretch employees to see what their talents are and integrate that into the engaged team dynamic.
- Provide tools, means and ability – care & growth model



Aiming in context with the divisional plans

Operations Management:

Since 2018/2019 Glotron has invested much of their income into materials and resources for manufacturing schools clothing, they believe that this is an investment while also trying to mitigate the risk that they cannot source the same materials to ensure the quality and standard of school clothing remains the same. In reality, the sentiment and concept are noble but may not be practically viable and sustainable in today's climate.

Covid19 and the lockdown have highlighted the importance of diversification in products and services and product design. Glotron has similar related lines, products and services, which means that in a unique situation like Covid19, they were unable to trade and manufacture goods. It would be a good idea to learn from the situation and potentially find other products or services that they can develop that may fall within the resources and skills that they have within the organisation

There are opportunity and scope for new product development and possibly unique lines that Glotron could run under their brand, below are some recommendations:



Kids and Toddlers, clothing and accessories:

- One-piece sleeping bag for babies
- General clothing, socks and shoes
- Baby accessories: dummy clips, leather items, bags and more.



Hunting Line:

- The affordable camo clothing range
- Gun bags/cases and other accessory bags
- Jackets and specialised gear.
- Accessories: buffs, camo rifle socks and wraps



Nightwear range:

- not readily available in stores and normally quite personalised

- Gowns and pyjamas
- Slippers and footwear



Alternative manufacturing:

- Manufacturing clothing for other larger companies in Glotron is downtime in order to ensure machines and equipment is running (pre-printed and cut designs that they put together).
- Other possibilities would be to start looking at personalised or generalised messages and notes in product packaging, thanking for supporting local and leaving an impact on clients and customers to bond their loyalty and possibly leave comments or remarks by accessing the website and reviewing products or service.

During **Covid19** supply chain management has been a global and local issue with companies not being able to supply and deliver items or services. Glotron has a unique relationship with its suppliers, and this relationship provides unique advantages and bargaining power. A supply chain management system must be implemented in order to manage Inventory and raw material supply as well as to measure critical elements with regards to product/production delivery from end to end. The main recommendations in operations are that they will have to employ a lean management strategy with a JIT system to manage Inventory and stock better and ensure finances are not too tied up in stock.

Product distribution needs to be explored and provide different solutions for clients while providing a unique and differentiated service delivery as part of the client experience objectives. Recommendations for product distribution are:

- Partnerships with schools: creating a delivery point where parents can collect school items when collecting their kids from school.
- Dedicated delivery staff on scooters that can collect items and deliver items within the Potchefstroom area.
- Online methods for ordering and delivering outside the Potchefstroom area, or within the Potchefstroom area items can be packaged and ready for collection at Glotron.

Glotron has unique buildings and facilities that are a great asset to the business and its operations. A new layout strategy and the possible growth of facility is suggested at their factory in order to ensure increased efficiency and flow within the manufacturing process; this is more due to space limitations and possible occupational health and safety aspects that need to be addressed. At their offices, a better layout for customer experience and speed of service and care is required, bottlenecks lead to frustration and loss of possible business, unique solutions for collections, consultations and a well laid out showrooms are critical to the success of their sales team and customers.

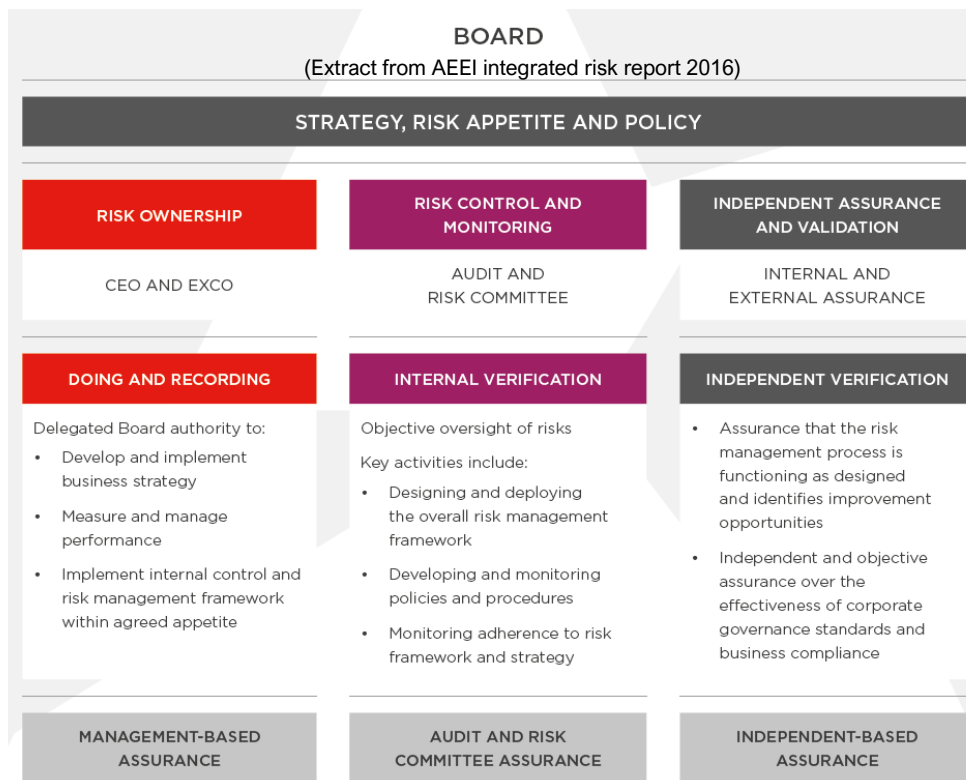
Good information technology and POS system are required like SAGE that will allow them to grow their analytical and monitoring abilities. This is critical as during the year they have big demands on both sales and manufacturing, they must identify needs and demands in order to schedule properly and plan properly as these can save time, create new product opportunities as well as possibly reduce risks and costs. Full quality control management will be possible, and the unique system that they have can be done electronically. This capability will not only allow them to database all their control measures, Inventory and sales aspects but also store operations data that can guide further strategic decisions and business growth in the future.



Aiming in context with the divisional plans.

Risk Management:

Upon assessment, one of the areas and risks identified within the organisation is the systemic ability to identify, report and manage risk within the organisation. In larger corporates, there are many aspects to consider and committees and reporting lines for risks to be mitigated and managed, below is an example of a corporate structure versus a suggested structure for a smaller business as Glotron.



Internal risks

Various internal aspects have been identified and can be managed effectively. Many of the aspects are associated with the current ability and speed of management to identify risks and implement suitable and strategic responses. Technology has been identified as the main aspect that requires urgent attention; this is largely due to their inability to acquire important analytical information that allows them to predict problems or manage operational aspects of their business in critical areas they will require:

- Financial tools and point of sales systems
- Supply management tools in order to focus more on JIT and Lean management processes.
- CRM systems and communication platforms that will allow to promote, collect critical information from clients through surveys, in order to improve client experiences and services or generate sales from through online modes.

Proposed Risk Model for Glotron:



Risk Management:



External Risks

The external analysis has provided insight into several external aspects that plays a role in the industry and market that Glotron operates within. The economic climate of South Africa has been a critical factor to continuously assess and understand or interpret as it poses both a threat and provides some opportunities. Since the downgrade to junk status, there have been several indicators and aspects that will require adjustments and points of action, these have been summarised below:

2019	2020	Risk Areas	Mitigating Recommendations
		Economic	- Responsible Lending and Investments - Maintain a conservative financial position and preserve resources to meet objectives - Labour management and labour expenses will need suitable solutions and responses - Driving cost-saving initiatives and push sales and revenue.
		Socio-Economic Climate	- Monitoring systems and analytical tools critical – Implement POS and CRM systems - Monitor trends and market impacting tendencies - Diversify product lines, services and offerings.
		Changing regulatory environment	- B-BBEE anticipation and preparation for compliance - Labour related aspects must be identified earlier, and policies and response actions must be developed and put in place - Covid19 response actions must be developed with an operating procedure
		Technology and Online Systems	- Invest resources and time to develop product and service innovations and revenue-generating solutions - Stay abreast of customers trends and wants online and electronically



“When written in Chinese, the word 'crisis' is composed of two characters. One represents danger and the other represents opportunity.”

- John F Kennedy



Covid19 and Lockdown

The effects and impacts of the lockdown and Covid19 have not been managed well by Glotron. They have struggled to identify key strategic aspects and risk areas such as sales and options to continue revenue opportunities and processes. There has also not been sufficient financial planning and operational planning, allowing cash on hand as money has tied up in Inventory. Furthermore, alternative utilisation of time and opportunities as PPE and other safety equipment and ample opportunities have been missed or realised too late. We can deduce that due to inefficient analysis and contingency planning that they have not been able to react well. It will be critical that an assessment is done by the directors and owners of Glotron in order to develop a contingency plan, contingency investments as well as further grasp key learnings and impacts it will have, namely:

- Cash flow and operational capital will be important in the future
- Inventory management and lean management will be critical to prevent large amounts of Inventory on hand.
- Legal and Regulatory changes are vital to staying abreast of.
- Better educated in UIF processes and other relief fund requirements for the future – or self-investment in annuities and contingency funds
- Internal skills, capabilities and reactive or responsive planning and decisive leaders will play a critical role not only in crisis but also in general – Up Skill!





Aiming in context with the divisional plans.

Entrepreneurship Management:

An entrepreneur can be classified as a person portraying certain attributes, for example, courage, commitment, leadership, determination, creativity and self-reliance. These desirable attributes can contribute to achieving set goals while taking calculated risks during the creative process.

As entrepreneurs, Glotron business owners know what it is to embark on an entrepreneurial career (as demonstrated in the previous sections) and what is needed to be successful, associated with processing certain attributes in the business environment. They follow as differentiation strategy of "they do not do cheap". More detailed entrepreneurial aligned strategies will form part and be discussed in the other clusters. Glotron is in the process of streamlining processes, and we believe that at this stage sustainability and stability are a bit of an unknown and should receive preference. Below listed are some recommendations for Glotron on their Entrepreneurial strategy (Khalili, 2020).



COPE & CONTROL

At this stage, VUCA (Volatility, Uncertainty, Complexity and Ambiguity) is running high, and morale is at the lower end.

- Slow down, regroup and reassert control following a focussed approach.
- Identify absolute critical priorities where you have direct control and influence.
- Re-evaluate each financial, strategic and investment driver in the business.
- Decide where Skill and energy should best be focussed to make a lasting difference to yourself, the team and the organisation overall, Share wealth at all levels.



OWNERSHIP

People need to engage and have a circle of trust where concerns are openly discussed. A focussed, aligned direction will heighten the sense of ownership.

- Prioritise to take care of yourself and organisation first – health and safety, behaviour and emotions
- Focus in team spirit and create an all-inclusive culture
- Provides Vision and sense of mission, instills pride, gains respect and trust
- Assign various entrepreneurial roles to the process, for example, motivator, guardian and initiator
- Increase synergy
- Engage with partners, include internal and external stakeholders.



PARTNER

It is essential to involve and give back to the community. This will lead to a mutual longer-term benefit and alignment.

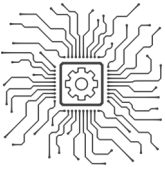
- Be pro-active and reach out to all, for example, partners, clients and consumers
- Invest in inventive and reliable solutions.



ENHANCE AND ELEVATE

In order to mitigate risks like revenue loss, human anxiety etc. we recommend that Glotron follow a holistic approach as per recommendations below:

- Award and celebrate new innovative ideas
- Match Glotron's current fit between competencies and skills vs requirement for the entrepreneur. Include products, services, processes and value chain, partners.



Aiming in context with the divisional plans

Technology

Innovation is the process of creating something new which has considerable value to a person, a community, an institution, an industry or a society. The result of the innovation cycle is an invention – a development of significant value. One question to address is about the company's degree of innovativeness, which generally speaking, maybe in the product or in the manufacturing process. The application of innovative strategies is vital in maintaining competitiveness in the cut-throat clothing business. According to (Vlok, 2006), the apparel and textile industries have performed poorly in innovation and technology enhancement, with the industry viewed as a follower rather than a pioneer. Therefore, a concerted effort is needed to change the technology and innovation approach (Kreitner & Krinicki, 2010).

This section will discuss technology management strategies which can enhance the realisation of potential offered benefits suggested in Chapter 2. There are a lot of interesting opportunities for business improvement which offered by strategic fostering of technological trends. Glotron can adapt some of the following recommendations to improve on the technological standing and give themselves a competitive edge.



Towards 4th IR

A lack of technology-driven equipment, low skill rates and the failure of the employer to run the company based on productivity needs makes it difficult for Glotron to remain competitive on a domestic and global scale

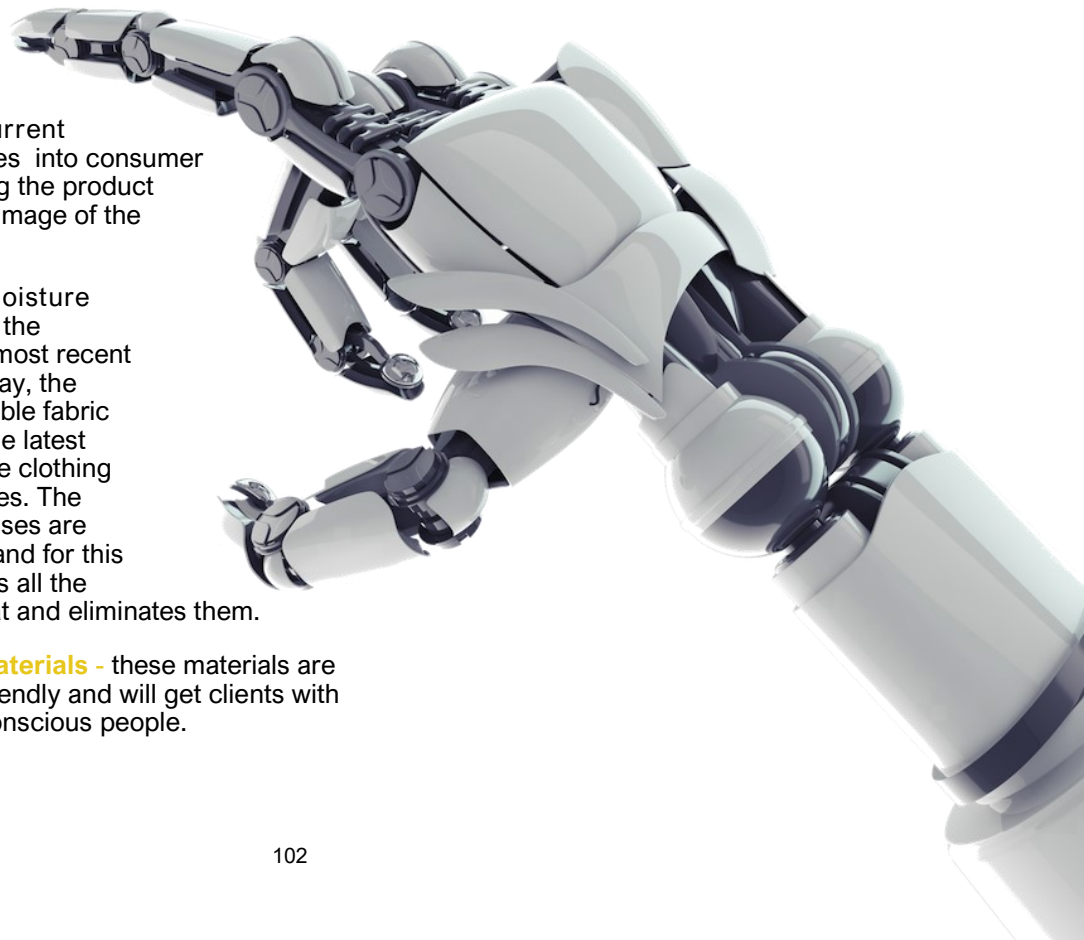
New manufacturing technology solutions include:

- Big data – through the use of big data, Glotron can maintain low production costs by the gathering and analysis of data on customer buying habits and business needs and product sales.
- Artificial intelligence - Using information about customer purchasing habits along with artificial intelligence and machine learning, companies can better predict designs and consumer items that will be selling in their market segments.
- innovations to sewing machines, fusing machines, laser-cutting machines, buttonhole machines, and seam bonding machines; sewing robots and stitch-free clothing;
- 3D printing, which has more textile output capacity than existing technologies, specifically for multi-layered garments;
- Digital textile printing, which allows businesses and customers to tailor their designs and concepts easily and fairly cheaply, and to supply different products.



Product Innovation

- **Transforming** - current products or services into consumer experience, making the product represent the self-image of the consumer.
- **Smart Fabrics** - Moisture observant fabric is the fashion industry's most recent breakthrough. Today, the moisture-manageable fabric is recognised as the latest breakthrough in the clothing and textile industries. The manufacturing houses are very much in demand for this fabric, as it absorbs all the moisture and sweat and eliminates them.
- **Biodegradable materials** - these materials are environmentally friendly and will get clients with environmentally conscious people.





Aiming in context with the divisional plans.

Marketing

Like many other businesses, Glotron currently relies on client walk-ins, marketing by word of mouth, as well as repeat business from the same customers. These are all reliable but 'old school' marketing forms. In both the B2C and B2B landscape, bigger businesses embrace digital marketing, while smaller businesses tend to neglect digital marketing, influencer marketing and reaping the rewards of brand love and sales.

Unique selling propositions for Glotron

Quality



The quality of Glotron's products are exceptional and should not only be advertised but should reflect in their social media platforms as well. People tend to evaluate the quality and dependability of businesses by the look and feel of their social media platforms. The website of a business is often referred to as the silent salesperson. The look and feel of a website, especially the landing page can make or break the effectiveness of that webpage. Their website should reflect the quality that they promise for their products.



Customisation

The fact that Glotron manufactures its products gives them the advantage of custom made products. This feature is extremely valuable, especially in their industry, where corporate clothing is created by mass production. This should be visibly marketed on their social media platforms and should also form part of their marketing logo.



Family-owned

Glotron has the typical qualities of a family business. These qualities are dependability, quality and traditional upstanding set of values. This should be openly expressed and used in marketing and will set them apart from bigger companies and instil trust in their customers. They can use the landing page of their website to introduce their team. The connotation of the idea of the family creates an emotion of trust and reliability in customers.



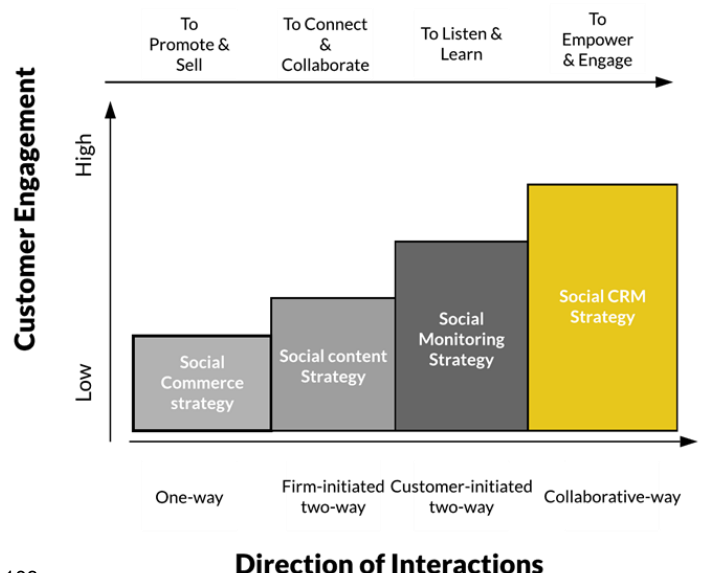
"Its not about what you sell, its about what you stand for" - Anon



Implementation of Social media marketing strategies

Developing a social media marketing strategy (SMMS) can grow gradually by implementing different strategies in different stages. Four distinctive SMMS's can be identified if you look at the different levels of maturity.

The taxonomy of social media marketing strategies as illustrated by Li et al



SHORT TERM OBJECTIVES

- Social commerce strategy. This refers to social networks that engage customers in e-commerce. Glotron already lists their products on the website, but this can be refined and upgraded to include online purchasing as well. This process can be relatively easy and cost-effective. The best option to start with would be to opt for an established platform like Shopify that can grow with the business. This will ensure good customer experience, is not labour intensive, as all orders are handled by the platform.
- Social content strategy refers to the supplying of valuable information to customers and encourages customers to react to this information. Search Engine optimisation (SEO) can help Glotron's website get more hits by making small changes to the website design and content. This will ensure that the website ranks higher. The content of all social media should communicate the values of Glotron. The use of a social media content marketing calendar can be very valuable. A calendar can be compiled in advance and posts on social media can be compiled.
- Social CRM Strategy reflects a business strategy that is supported by a technology platform. This strategy engages the customer in collaborative conversations and emphasises the active role of customers. A CRM not only manages customer data but can include the support of sales while integrating with social media and facilitating team communication.

LONG TERM OBJECTIVES

The ultimate goal for marketing is a complete CRM system. Social CRM Strategy reflects a business strategy that is supported by a technology platform. This strategy engages the customer in collaborative conversations and emphasises the active role of customers. A CRM not only manages customer data but can include the support of sales while integrating with social media and facilitating team communication.

Unfortunately, this can be expensive. Glotron should start to plan and budget for such a system, especially as they are constantly growing. A CRM system is a valuable tool that can save time and extend e-commerce ability. This system bridges the gap between sales, marketing and customer relations. It promotes faster deals with instant response to customer needs and can convince customers to move from enquiring to buying easier.

How Covid changed Marketing

While many businesses are still in the process of discovering the value of digital marketing, the COVID-19 virus struck and created a severe and unexpected disruption in marketing strategies.

Consumer behaviour changed, and marketers need to change their strategies. This Pandemic forced people to stay at home, which caused a spike in the use of social media. Now more than ever, an online presence is crucial to businesses.

When we look at the usual marketing mix, which combines the marketing decision variables into four groups, called the 4P's of marketing, the changes are significant.

	4P element	Normal Focus	Focus after COVID-19	 Change in Glotron
	Product	Anything that can be offered to a market and concentrates on the physical factors like design and features, as well as the non-physical factors like quality and value.	Short and long-term needs must be balanced. Temporary narrowing products to "essential items" can reduce supply chain burdens. Diversity is now more important.	The production of essential items like masks, buffs and face shields. Temporary diversification is crucial.
	Price	The price that a customer pays for the product.	Bundled pricing should be considered for higher volumes of purchases, and allowance for delayed payments may be crucial during this time of economic uncertainty.	Discretionary discounts can be offered on large orders. This will likely create greater loyalty towards Glotron after the crisis.
	Place	The distributional channel through which the customer can acquire the product. This can be a physical or virtual store.	Places of purchase need to adjust to ensure maximum safety. Delivery of products should be the norm. Touchless options and online purchasing will be the first choice.	Optimising e-commerce website to rank higher in search engine results. Taking orders via phone and email and home deliveries.
	Promotion	All forms of marketing, including promotions, advertisements and creating brand awareness	Not only is the mode of marketing affected by moving to mostly digital channels, but the way marketing is done also changed significantly. Showing compassion and providing support must be communicated through marketing campaigns.	Repurposing of off-cut materials can be used and branded with the Glotron logo to manufacture masks and supply to underprivileged communities. Advertise by celebrating their commitment and empathy to their existing and new customers.

The readjustment of the 4P marketing elements.

The traditional 4P paradigm of the marketing mix (Solan, 2020), which provides the framework of marketing, needs to be reassessed and readjusted as the needs were changed.



“ Every problem is **a gift
-without problems we
would not grow.”**

– Anthony Robbins

Strategic – Choices:

Key areas and decisions

The strategic position is concerned with the impact on the strategy of the external environment, internal resources and competences, and the expectations and influence of stakeholders.

Together, a consideration of the environment, strategic capability, the expectations and the purposes within the cultural and political framework of the organisation provides a basis for understanding the strategic position of an organisation (Scholes, 2005)

This section describes the evolution of Glotron's strategic decision-making processes required in order to meet both their newly established short term and long-term objectives. The decisions are derived from the extensive internal and external factors that have been identified and integrated into avoiding risks and achieving the organisations' goals.



Marketing Strategy: New internet platforms(LinkedIn). Paid advertising on radio and other publications. Improved Brand Name	
Financial Strategy	Implementation of finance forecasting methods and control strategies (budgets) to spend less and higher margins
Sales Strategy	Through improved market strategy sales will improve. Develop new customer base. Improved benefit knowledge of companies products to customers/ Get visual with customers. Engage communication and listen, understand and check what customer wants.
Operational Strategy	Maintain current strategy. Implement better layout strategy and improve inventory strategy alongside sales strategy to coincide with JIT and Lean operations principles.
Investment Strategy	Growth Investment strategy though alignment with distributors, opportunity investment through diversification funding.
Differentiation Strategy	Control current strategy of service, quality, relationship and product differentiation strategy.
Competitive Strategy	Focus cost and focus differentiation competitive strategy implementation will allow Glotron to focus on niche markets who only purchase based in cost and differentiation will focus on special needs customers.
HR Strategy	Implement appraisal system, improved learning programs to develop leaders and implementation of compensation programs for motivation



Organisational impact

Five key strategic areas have been established throughout the study, depicting the relationship of managements direction, use of existing or newly acquired resources and relationships between clients and suppliers.

Key Areas	Strategic options	Area improve efficiency & effectivity	Financial and Budgeting implications
Marketing	- Detailed marketing strategy - Improved distribution platforms - CRM Systems	- Promotion - Place - Product awareness - Measurability, communication and data-base	- Dedicated marketing budgets and cost centres - Increased expenditure (internal or external) - Improved sales revenue from marketing
Operations	- Layout Strategies - Inventory Strategies - JIT - Lean Management	- Improved productivity - Improvement in cash flow and capital tied up - Supply chain effectivity and cost reduction - Improved space utilisation and safety aspects	- Cost reduction - Increase cash flow - Increased productivity = increased revenue
Finances	- Forecasting - Control Cost Strategies - Investment Strategies	- Cost reduction - Improved profit margins - Long-term growth and adaptability - Resource strengthening and business development	- Projections and planning - Cost reductions - Increased short term or long-term assets - Growth Investments
Technology	- Sales Strategy - Marketing Strategy	- Improved sales and revenue - Competitive strategies - Access and Market Growth - Market strength and sustainability (loyalty)	- Increased expenditure - Dedicated budgets and profit allocation - Increase sales = increased revenue
Leadership	- Organisational culture and drive strategy - Values-based strategy with Strategic goals and objectives - Expansion of skills and administrative and analysis tools	- Improved productivity - Improved quality and customer service - Competitive strategy - Market awareness and agility - Business growth and development - New product/service development	- Increased investments in staff and education - Increased investment in systems and software

LET'S GE

GAP Ana

Glotron

T STARTED.

Analysis and Action Points

Strategic Management





GAP Analysis

Human Resources



Specific Area:

Item Number	Item Description	Measures	Current State	Current Level	Desired State	Start Date	End Date
1	Training	New skills acquired by personnel	In-house on the job training	Good 	Multi disciplinary training programmes	22-Jun-21	22-Jun-25
2	Performance appraisal	Performance bonus, promotions	No appraisal policy in place	Poor 	Quarterly appraisal schedules	23-Jun-21	23-Jun-25
3	Staffing	Productivity	Staffing when need arises	Average 	Efficient staffing levels	24-Jun-21	24-Jun-25

Human Resources

End Date	Desired Goal Period	Action Items	Resources Required	Priority	Possible Risks	Notes
Jun 5	5 years - Long Term	Align company objectives with skillset Identify training centres Identify skills gap	Finances	High 	Brain drain as trained workers leave for greener pastures	Make training an ongoing process
Jun 5	5 years - Long Term	Design appraisal policy and procedures Implement Performance improvement plans Introduce succession planning Reward performance	Finances	High 	Bias, stereotyping, compare and contrast errors	Train HR personnel on appraisal techniques
Jun 5	5 years - Long Term	Analyses current human resources, identify key skills, identify area lacking, evaluate employee efficiency, adjust headcount, restructuring	Personnel	High 	Overstaffing	





GAP Analysis Technology



Specific Area:

Item Number	Item Description	Measures	Current State	Current Level	Desired State	Start Date
1	Product innovation	% increase in sales Product variety	Use of conventional traditional fabrics	Good 	Pioneering of smart fabrics in South Africa	2021/01/-3
2	Product innovation	% increase in sales Product variety	Use of conventional traditional fabrics	Good 	Pioneering of biodegradable fabrics in Potchefstroom	2021/01/-4
3	Big data	Amount of data collected	No big data strategy No big data applications	Poor 	Acquire industry related trends Lower production cost	2021/01/-5
4	Artificial intelligence	Accuracy and Precision of design prediction	No AI utilisation	Poor 	Designs prediction, cutting edge competitiveness	2021/01/-6

Technology Management

End Date	Desired Goal Period	Action Items	Resources Required	Priority	Possible Risks	Notes
02-Jan-22	1 year - Short Term	Product planning, market analysis, SWOT analysis, Appoint or sub-contract a materials specialist, marketing plan, product development, product launch	Finances	High 	Market not ready for novel fabrics	Aggressive marketing to promote the fabrics
03-Jan-22	2 year - Short Term	Product planning, market analysis, SWOT analysis, Appoint or subcontract a materials specialist, marketing plan, product development, product launch	Finances	Medium 	Market not environmentally conscious	Introduce environmental awareness initiatives
04-Jan-23	3 years - Med Term	Design a plan, assess current scenario, prioritize activities, manage change, Appoint a trainer in big data implementation	Finances	High 	Complexity of concept can demotivate workers	Train workers on the use and highlight advantages
05-Jan-23	5 years - Long Term	Define challenges, outline opportunities, Identify processes and Technology requirements, execute strategy	Finances	Medium 	Inadequate finances to kick-start project	Set up a fund for AI drives



GAP Analysis

Finances



Specific Area:

Item Number	Item Description	Measures	Current State	Current Level	Desired State	Start Date	End Date
1	Set New Goals	Strategy	Goals not clearly defined. Basic goals in thought	Average 	New Goal implementation.	22-Jun-20	Continuous adaption
2	Evaluating performance	Company execution	little measurement of performance measurements in place	Poor 	Yearly in-depth company performance evaluation through the financials	22-Jun-20	Continuous adaption
3	Forecasting	Prediction of future	no forecasting measures in place	Poor 	Constant Forecasting models design for sales, inventory and expenses	22-Jun-20	Continuous adaption
4	Budgeting	Costs and Income	Little budget measures in place	Poor 	Fully developed budgets that are accurate and followed very strictly	22-Jun-20	Continuous adaption

Finances

ate	Desired Goal Period	Action Items	Resources Required	Priority	Possible Risks	Notes
ous	1 year - Short Term	Management Brainstorming meeting to set new goals.	Time	High 	Lack of clarity with new specified goals. No clear direction of new goals	Regular management engagement to make sure goals are being met
ous	1 year - Short Term	Yearly management meeting to access performance of the company	Time	High 	Management conflict due to figures accurately being identified	Regular management engagement to access the accurate financial detail
ous	1 year - Short Term	Determination of previous totals in order to generate new forecasts	Time	High 	In accurate totals used as current data isn't accurate	All managers need study the forecasts accurately on a monthly basis
ous	1 year - Short Term	Develop budgets for sales, cash flow and expenses	Time	High 	A person deviates from the budgets and throws all control measures out	Regular weekly meetings to access how the budgets are being adhered to.





GAP Analysis

Leadership

Specific Area:

Item Number	Item Description	Measures	Current State	Current Level	Desired State	Start Date	End Date
1	Instil a high performance, all-inclusive culture	Access and evaluate surveys, time management/optimisation.	Cultural presence and ethics a distinct competitive advantage. Glotron are hands on and are eager to take on any work. Some staff feel that the role of engagement is not clearly defined, staff is not maximally engaged and that time management can be improved.	Good 	All leading by portraying the recommended set values and behaviours that promote engagement. Improve employees feeling of value with their work, they should understand their contribution.	22-Jul-20	22-Jul-21
2	Streamlining the business	Restructuring and retrenchments	Glotron just lost the income of their 2 best sales months of the year, due to Covid19. Business is very slow to restart.	Average 	The focus should be back to business customer retention, sustainability and growth.	22-Jun-20	22-Jun-21
3	Business Administration	Tracking improvement.	Proper business administration is lacking.	Poor 	A central on-line resource system (CRM) for visibility towards improvement.	22-Jul-20	22-Jul-21
4	Customer service delivery	Tracking and reducing customer complaints/urgent deliveries.	A reactive approach identified at certain management levels with various customer complaints and urgent deliveries.	Average 	Adapt leadership styles as best fit towards a more pro-active approach for customer service delivery.	22-Jun-20	22-Jun-21
5	Motivation and job satisfaction	Addressing questionnaire outcome and improvement.	Job security is a great concern and the impact of COVID -19 is severely affecting life in general	Average 	A motivated workforce with high effectiveness and increased productivity.	22-Jul-20	22-Jul-21
6	Interpersonal relationships	Improvement in team spirit	Adapt leadership style to address needs.	Good 	Clear, open communication verbal, non-verbal	22-Jul-20	22-Jul-21

Leadership

Desired Goal Period	Action Items	Resources Required	Priority	Possible Risks	Notes
1 year - Short Term	Embarking on a culture awareness campaign and re-visiting values and behaviours that promote engagement. A culture questionnaire can also be a useful tool towards continuous improvement. Time management improvement.	Transformational leadership and team involvement.	High 	COVID-19, cost cutting mode/mind-set might make this a bit of a challenge.	Consider extending the process for another 6 months as culture awareness and engagement is a continuous process.
1 year - Short Term	Restructuring in progress. A newly updated organogram with clear roles and responsibilities defined in job descriptions and KPI's.	Organogram, job descriptions	High 	Resignations, increased workload, labour strikes and job security.	Retrenchment process normally take 3 months.
1 year - Short Term	A CRM system, Training, Daan and George.	Daan and George, CRM System	High 	Financial implications and continuous management and maintenance	Well defined leadership roles with a partnership between Susan and Karin. Daan and George responsible for admin and marketing function.
1 year - Short Term	Tracking and reducing customer complaints by 30% within the next 3 months. Include clear methodology on handling urgent requests, failures to meet and exceed set standards.	Leaders & Admin	High 	Handling to many urgent requests.	Include clear methodology on handling urgent requests, failures to meet and exceed set standards.
1 year - Short Term	Utilising social and spiritual values as motivational leverage. Completion of questionnaires as different things motivate different people - sweet spots.	Leaders/ Managers/ Staff	High 	None	None
1 year - Short Term	Developing better active listening skills. Adopt more informal feedback processes.	Entire team	High 	None	None



GAP Analysis

Risk



Specific Area:

Item Number	Item Description	Measures	Current State	Current Level	Desired State	Start Date
1	Point of sale system	In Place	A system is in place that is run by Glotron and requires physical handing over of information	Poor 	Automated, online system that allows you to push and pull data where ever you may need it. Must include analytical tools and different operational/ business areas.	01-Jul-20
2	Compliance and Regulatory	Design a compliance system	Basic Measures in place	Poor 	A system that allows you to put compliance documentations and regulations into the system, formulate and assess status and then put actions in place to assure compliance	Dec-20
3	Technology and Innovation	In place	There are some technological advances in printing and materials	Good 	Further developments in: Sales tools - Online, applications Embroidery and sewing machines Other printers and materials Cutting machines Any new competitive asset	01-Jul-20

Risk Management

End Date	Desired Goal Period	Action Items	Resources Required	Priority	Possible Risks	Notes
01-Jul-21	1 year - Short Term	Quotations Comparisons of systems available Bench Marking and Testing Consultation - Financial officer and others	Finances - Yearly payments	High 	Developing the system to quickly with unnecessary costs and wasted usage.	Build in phased approach and as needed. Must allow for Lena Process and JIT.
Jan-23	3 years - Med Term	Collect compliance documentation and regulations Identify systems and technologies or develop simple processes and protocols	Finances and Time	Medium 	Event or negative occurrence that takes place - Litigation risks and financial responsibilities	There are systems, one will have to find something conclusive or ask others in industry.
01-Jul-25	5 years - Long Term	Identify trends and bench mark in other businesses Acquire understanding and shop well for cost effective and long term solutions Identify possible lease agreements with maintenance plans and aspects that may save costs and allow updates	Finances	Medium 	Technology is rapidly changing Cost considerations and money tied up in assets Resale value and depreciation of equipment	Look at negotiating terms or creating lease agreements where possible.





GAP Analysis

Operational



Specific Area:						
Item Number	Item Description	Measures	Current State	Current Level	Desired State	Start Date
1	Diversification	Fixed amount of lines	Currently they have varied products and options	Good 	Needs varied lines and possible products or services not all relevant to their business	01-Jul-20
2	Supply Chain management	Systems and Software	Basic systems in place, no real ability to pull stats and figures or manage quickly	Average 	Automated systems, allowing reduction in time and energy and improving effectivity and efficiency	01-Jul-20
3	Supply Chain management	Design and Strategy	Good relations with suppliers. Have specific suppliers and businesses whom supply Glotron	Average 	Designing of good strategy, systems and concepts in place.	01-Jul-20
4	Distribution	Varied distribution options in place	Limited distribution offers	Poor 	Varied distribution offers Better packages - how to deliver look and feel or collection options	01-Jul-20
5	Buildings and Facilities	Renovation and Expansion	Just enough space and critical to business functions. Working well but doesn't leave space for growth	Average 	Better flow, design and layout. Conducive to expansion and new business developments	01-Jul-20

Operations and Supply Chain

End Date	Desired Goal Period	Action Items	Resources Required	Priority	Possible Risks	Notes
01-Jul-25	5 years - Long Term	Identify New Product lines Identify unique products or services from normal operations	Finances - Investment Facilities/ Space Equipment	High 	Continuous risk of competitors Reduced clientele and revenue Loss of competitive advantage	Find quick gains and build on long-term investments and new products or services that will be relevant in 10-20 years
01-Jul-23	3 years - Med Term	Quotations Comparisons of systems available Bench Marking and Testing Consultation - experts or skilled and experienced consultants	Finances	High 	Obtaining a system that doesn't match the needs or operations of the organisation. Redundancy or lack of use. Training and skills required.	Build in phased approach and as needed or focus on key areas first
01-Jul-23	3 years - Med Term	Develop supplier lists Re-look at terms and agreements Review processes & schedules	Time	Medium 	None	None
01-Jul-23	3 years - Med Term	Distribution Points Dedicated services - Scooter delivery and other Bundling and ease for clients Online ordering and delivery	Finances Vehicles/ Equipment	High 	Competitors creeping in quickly - loss of clients Client services and experiences may decrease = loss of loyalty	None
01-Jul-25	5 years - Long Term	Identify new areas of development Establish design and drawings Cost and plan financially Where possible to make quick gains take them	Finances and Investment	Medium 	Occupational health and safety Hazard risks - fire or other Limitation of expansion	It will have to be a phased approach and experts may need to be consulted to find a suitable process and design for them



GAP Analysis

Entrepreneurship

Specific Area:

Item Number	Item Description	Measures	Current State	Current Level	Desired State	Start Date
1	Cope and control	Improve by constant interaction and support	Covid-19 and restructuring emotional draining.	Average 	A calm, collective, re-grouped and focussed approach.	22-Jun-02
2	Ownership	Track weekly communication forums to raise and address concerns	Clear verbal communication sometimes lacking at certain levels	Average 	A working environment of trust, honesty and clear, open verbal discussions in difficult circumstances.	22-Jun-20
3	Partner	Utilise an on-line CRM system	Excess corporate long chain obstacles. Respect for employees and customer a concern that was raised.	Average 	Integrate stakeholder talent into team dynamic.	22-Jul-20
4	Enhance and elevate	Brainstorming ideas	Staff felt that they are not challenged, stretched and that rewards are not clear	Poor 	Creating a platform to challenge and reward innovative ideas.	22-Jul-20
5	Better utilisation of waste	Monitoring the % reduction in waste.	Glotron saw and opportunity and are currently manufacturing 3 ply cloth masks and sublimated buffs. They also received a huge order for dust masks.	Good 	Glotron want to be the much needed, responsible and sustainable Corporate and Clothing 1STOP Shop in Potchefstroom.	22-Jun-20
6	Increase footprint - Local expansion	Weekly tracking, prioritising and execution of pipeline	There is still a large Total available market present in the Potchefstroom area that can be developed.	Average 	Glotron would like to increase their service to more schools and increase their footprint at NWU.	22-Jun-20

Entrepreneurship

End Date	Desired Goal Period	Action Items	Resources Required	Priority	Possible Risks	Notes
22-Jun-21	1 year - Short Term	Identify critical priorities and assign critical skills and energy to those areas which Glotron can control.	Team	High 	COVID-19 infections	
22-Jul-21	1 year - Short Term	Creating open discussion forums. Assign and clarify entrepreneurial roles to lift team spirit.	Team	High 	Ethical problems, cultural differences	
22-Jul-21	1 year - Short Term	Invest in inventive reliable solutions as recommended in other clusters	All stakeholders	High 	Turnaround times, non-dependable suppliers.	
22-Jul-23	3 years - Med Term	Build a pipeline and award and celebrate new innovative ideas.	Team	Medium 	Competition and differentiation within the industry is fierce.	
22-Jun-21	1 year - Short Term	Developed our sublimated cloth masks and marketing started locally.	Finances and skills	High 	Imported China masks to flood the market.	Risk mitigation plan required.
22-Jun-23	3 years - Med Term	Excellent service and constant stock on shelves. Positive planning and execution of the sales plan. Pre-emptive execution of the logistical supply chain management.	Shop, sales representatives and admin office.	High 	Price a factor in current economic climate. People sell to people and some customers having strong competitor supplier relationships. Customer reducing overall operating costs and spend.	Key customers have already cancelled their orders for the rest of the year.





GAP Analysis

Marketing



Specific Area:

Item Number	Item Description	Measures	Current State	Current Level	Desired State	Start Date
1	Online Purchasing	Project Completed	Only have catalogue options with no real design elements or purchase capability	Good 	Online platform with design tool catalogue, online payment system and delivery system.	22-Jun-20
2	Content calendar	Measure customers reached	Minimal posts on social media	Poor 	Monthly or quarterly calendar for FB and other social media posts.	Jul-20
3	CRM	Project Completed	No CRM	Poor 	Complete CRM	Jan-22

Marketing						
End Date	Desired Goal Period	Action Items	Resources Required	Priority	Possible Risks	Notes
22-Jun-20	1 year - Short Term	Appoint Web Designer, graphic artist, establish price lists and product lists. Option B make use of available existing platforms	Finances	High 	Developer changes or company closes difficulty to manage and maintain	Access needs to be provided that risk can be mitigated and other developers can take over
Aug-20	1 year - Short Term	This can be done internally, but to ensure quality and content, outsourcing to marketing person recommended	Finances	Medium 	None	
Jul-22	3 years - Med Term	Do market research on best CRM to use.	Finances	High 	None	

Conclusion

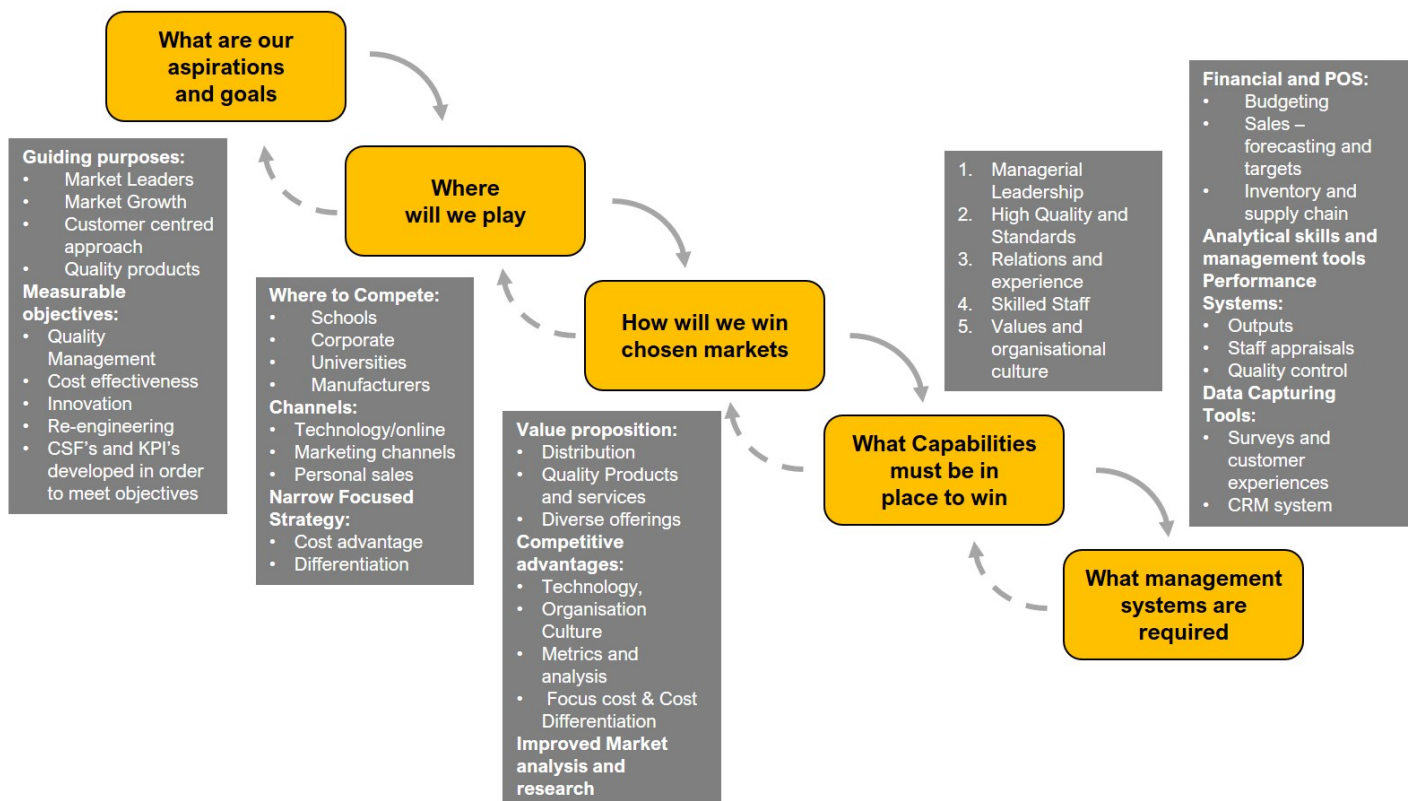


Conclusion

This section highlights the key focus areas and decisions made in order to improve the effectivity and efficiency of Glotron.

All aspects will come down to one main focus namely finances; there has been a concerted effort to try and bundle recommendations in order to allow planning in finances and budgets for the more critical aspects and long-term costs or decisions that will allow Glotron to take another leap into the future. The intention of the analysis and critical evaluation will help bridge the gap or relationship between decision-making and performance; the following diagram provides an overview of the processes in the strategic development and implementation phase and how all aspects

Key Attributes of Strategic Choices



Strategic Choice Cascade (Aziz , 2019)



Further emphasis and analysis will be required on an ongoing basis throughout the different levels, and business units as some of the areas remain complex and influenced by external factors. Dedicated models and tools will be required to be developed for Glotron that speaks to measurement, performance and ultimately continuously enhancing their competitive advantage, by remaining focused on their five focus areas, namely:

- Marketing
- Operations
- Finances
- Technology
- Leadership

The study has highlighted various resourceful options and recommendations throughout the paper that may not be highlighted in the above, these are not to be excluded or less beneficial to Glotron, as any gain is an important gain. The above areas have been highlighted as critical in terms of short term gains and long-term objectives that will require sufficient financial management and engagement over the next three to five years as they continue to become further focused as market leaders.

We are Something



Chrisna Lloyd



Elize van Aswegen



Innocent Shuro



Ryan Fernandes



Sheldon Roston



Theresa Bowen

Bibliography

Aziz, A., 2019. Medium. [Online]

Available at: <https://medium.com/@abdul.aziz/playing-to-win-book-sumview-summary-and-review-57968c51995e>

Date of access: 22 June 2020

Boitnott, J. 2019. What Are SMART Goals and How Can You Set and Achieve Them?

Available at: <https://www.entrepreneur.com/article/342898>

Date of access: 19 June 2020.

California, U.o. 2020. SMART GOALS: A how-to guide.

Enam, J. 2020. Human Resource Management (HRM) in Apparel Industry.

Available at: <https://fashion2apparel.blogspot.com/2017/04/human-resource-management-apparel.html>

Date of access: 10 June 2020.

Ehlers, T. & Lazenby, K. 2004. Strategic management: Southern African concepts and cases: JL Van Schaik.

Hough, J., Strickland, A.J., Gamble, J. & Thompson, A.A. 2011. Crafting and Executing Strategy: Creating Sustainable High Performance in South African Businesses:[text, Readings and Cases]: McGraw-Hill Higher Education.

Issa, T., Chang, V. & Issa, T.J.G.I.J.o.C. 2010. Sustainable business strategies and PESTEL framework. 1(1):73-80

Jay Heizer, B.R., Chuck Munson. 2017. Operations Management: Sustainability and Supply Chain Management. 12th Edition: Pearsons Education.

Juneja, P., 2018. Management Study Guide. [Online]

Available at: <https://www.managementstudyguide.com/strategic-management-process.htm>

Date of access: 22 June 2020

Khalik, J.K. 2020. How Entrepreneurs Can Cope (And Come Out Stronger) Through The COVID-19 Crisis.

<https://www.entrepreneur.com/article/350107>

Date of access: 19 June 2020

Kreitner, R. & Kinicki, A., 2010. Organisational Behavior. 9th ed. New York, NY: McGraw-Hill/Irwin.

Lipton, M. 2019. Demystifying the development of an Organisational vision.

Li, F., Larimo, J. & Leonidou, L.C., 2020. Social media marketing strategy: definition, conceptualisation, taxonomy, validation, and future agenda. Journal of the Academy of Marketing Science:1-20.

Solan, H.P. 2020. A research paper on 4 P.S. of marketing.

Marius Ungerer, G.U., and Hihan Herholdt. 2016. Crystallising the strategic business landscape. 1st Edition. South Africa: K.R. Publishing.

Porter, M.E. 1985. "Competitive Advantage". The Free Press. New York: pp 11-15.

Scholes, J.a. 2005. Strategic Position.

Porter, M.E. 2008. The five competitive forces that shape strategy. J Harvard business review, 86(1):25-40.

Québec by Info entrepreneurs, 2009. Info Entrepreneurs. [Online]

Available at: <https://www.infoentrepreneurs.org/en/guides/measure-performance-and-set-targets/>

Date of access: 22 June 2020

Team, Y. 2016. 8 Marketing Strategies and Definition.

Vlok, E. 2006. The textile and clothing industry in South Africa.



something