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Course

Date

Strategy Formulation and Processes

**Strategic Planning Outline**

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**Executive Summary**

The fast-food industry is known to be the fastest growing and the most competitive industry in the USA with close to 200,000 restaurants. Because of the challenges and growth hardship faced by the company and high competition in the industry, Silky Habitat will be creating a new and more effective strategic plan to ensure profitability. The team will begin by designing clear and resourceful mission and vision statements and the goals of the company. Industry analysis and a perceptual map of the company will also be imperative.

**Company Overview**

Silky Habitat Inc. is a new and fast-growing fast food restaurant in the United States. The company is focused on providing its customers with fresh and healthy meals produced from naturally grown ingredients. Some of its popular menus include Jalapeno, Tacos, Burritos, French fries, enchilada, and quesadilla. Major competitors in the country include McDonald's, Chipotle, Yum! Brands Inc. and Wendy’s Company. Over the years, Silky Habitat has been facing various challenges that have crippled its growth.

**Mission Statement**

The mission is to spread the power of healthy living by inventing interesting menus and connecting with the community.

**Vision Statement**

A world where everyone has the opportunity to feel special and recognized.

**Goals and Objectives**

The goals and objectives will be based on the mission and vision statement of the company. They include:

1. By September 1, 2018, develop a culture where everyone’s opinion and presence is important. The culture should promote not only an open communication but also a democratic leadership style.
2. By July 30, 2018, implement a new performance management system that allows employees to monitor and evaluate their career development.
3. By August 1, 2018, the organization will be customer-oriented to ensure that every customer feels special and the menus are personalized to their taste. The customers will also be provided with an environment where they can state their preferences concerning the design and menu of the restaurant.
4. By August 1, 2018, implement management systems and build an environment that supports transparency and integrity.

**Industry Analysis**

*Market Description.* Around 20 percent of the US consumers dine out at fast food restaurants at least once a week. The unregulated frequency of the visits has increased the industry’s revenue from $198 billion to $214 billion in two years. Worldwide famous brands include McDonald's, KFC, Burger King, and Pizza Hut. Over the last 15 years, the restaurants have been growing at the rate of 0.7 percent per year. The rapid growth has attracted various investors leading to over 250, 000 restaurants opened by 2017.

*Industry Size and Attractiveness.* With the rapid growth of the industry, it is likely that by 2020, the market revenue of fast food restaurants will increase to $230 billion and over 50,000 more restaurants will be opened by the same year. Additionally, the number of consumers will increase by 10 percent as the restaurants work on creating new and healthy dishes for them. The industry growth makes it attractive and worth investing because, opportunities and strengths exceed threats and weaknesses of the market.

*Profit Potential.* It is vital for an analysis of the market to be conducted using Porter’s five forces and SWOTT analysis to identify the profit potential of Silky Habitat (Vitez).

**Porter’s Five Forces**

The five forces analysis provides the company an insight of how its external environment affects the business.

**Competition**

Based on the aspects of the five forces model, the degree of competition in the industry is strong. As mentioned above, there are many restaurants and some of them such McDonalds and Burger King have various outlets around the world. The presence of many firms and low switching costs increases the competitive force.

**Bargaining Power of Silky Habitat**

The number of consumers significantly affects the performance and development of the restaurant. When there are low switching costs and high availability of substitutes, the bargaining power of buyers increase. Therefore, the increased number of fast food sellers increases the power of the buyers.

**Suppliers Power**

One of the factors that elevate the growth of quick service restaurant is the presence of suppliers. Many suppliers and a high overall supply weaken the bargaining power of Silky Habitat suppliers because the restaurant can always choose from a variety of suppliers. Moreover, low forward integration weakens suppliers bargaining power.

**Threat of Substitution**

There is a high threat of substitution because of the low switching costs. Also, most restaurants offer the same type of foods which may force consumers to search for unique and satisfactorily prepared foods.

**Threat of New Entrants**

With the presence of low switching costs, the threat of new entrants increases. Interestingly, the threat is moderated by modest cost disadvantages and cost of doing business.

**SWOTT Analysis**

SWOTT analysis is an important tool in every business. The technique will allow Silky Habitat to understand its strengths, weaknesses, opportunities, threats, and trends. Through the SWOTT analysis, the company will take advantage of its opportunities, talents, and abilities.

**Strengths**

The service style of Silky Habitat Inc. is new and unique to the environment. The new service style attracts customers who are after satisfactory and new experiences. Furthermore, the restaurant has a unique pricing strategy, where it can increase or reduce its prices. The brand name is also strength for the company because it communicates its mission, vision, and goals.

**Weaknesses**

Weak management increases business risks for Silky Habitat and the fast food industry. For example, certain issues such as hygiene may cause various legal problems and damage the reputation of the business. Besides, because the business is new, it is not yet established which reduces its stability during financial difficulties. Offering products that are already in the market is a huge weakness that affects Silky Habitat’s growth. The other weakness associated with being new is inadequate capital to expand and support new business projects.

**Opportunities**

An increase in the number of consumers in the US is a growth opportunity because it leads to improved revenues. Furthermore, improved technology helps the restaurant meet the needs of customers besides building competitive barriers against rivals. In addition, the presence of a global market allows the business to increase its sales and expand.

**Threats**

Perceptions of unhealthy menus among the consumers are a major threat to the restaurant. As customers shift to healthier options, the organization should fight back successfully by changing its dynamics and providing healthier options. Also, poor work conditions and low wages increase labor turnover and poor performance among employees.

**Trends**

Technology has allowed restaurants to serve customers faster than before. Fast payment methods such as the NFC technologies and Smartphone apps allow customers to get quick services. In fact, people can pay in advance using the payment technologies.

**Perceptual Map**

|  |  |
| --- | --- |
| High Quality  Low Price | High Price |
| Low Quality |  |

Silky Habitat Inc. Perceptual Map

Work Cited

Vitez, Osmond. “Why Is Industry Analysis Important?” *Chron.com*, smallbusiness.chron.com/industry-analysis-important-3292.html. Accessed 8 March 2018.