

Project 3 Internal Environmental Analysis

BMGT 495 Strategic Management

Introduction

An internal environmental analysis helps an organization to examine its competition, cost position, and competency in the market. The internal analysis is based on the firm resources and capabilities. The below report will examine the tangible and intangible resources identifying the firm's strengths and weaknesses. In reviewing corporate, business, and functional level strategies, the following analytical tools will be utilized; SWOT (OT) analysis, Internal Factor Evaluation (IFE) and the Grand Strategy matrix. The report will also discuss how the organization attains a suitable measure for the growth and development of the organizational intervention. The major financial leverage, efficiency, profitability, and liquidity ratios are reviewed to determine how the company is performing. A Quantitative Strategic Planning Matrix (QSPM) is additionally presented to see the relative attractiveness of feasible alternative actions. A final composite analysis is performed reviewing all data coll. The target company is Vail Resorts Inc. a leading ski resort company in the sporting and recreation industry (Vail, n.d.)

Vail Resorts corporate-level strategies

Vail Resorts Inc. utilizes several corporate strategies in order to promote major business segments that the organization specifically deals with. Vail Resorts Inc. deals with real estate development, the lodging and the mountain and skiing service (Diamond, 2019). The company is located in one of the most desirable parts of North America and this provides an added advantage to the mountain business of the organization (Vail, n.d.). Vail Resorts Inc. is continuously investing in the mountain resorts. It is also specializing in dining and rentals, lift tickets and the ski schools to train skiing learners. It is also adding a new portfolio besides developing a specific

intervention for the expansion of the mountain investment. It bases its new developments on the market research and the needs of the customers.

At the lodging segment is the other segment that the organizations deals with. In this segment, the strategy is to invest on variety and the comfort of the clients. The organization owns Grand Teton Lodging Company which further promotes the experience of the clients who visit the mountains. It also carries out various National Park Operations with the consideration of the patient needs.

In the real estate segment, Vail Resorts Inc. has resorted to hiring third party organizations to develop the real estates in an expert way and this has contributed largely to the increase in the quality (Vail, n.d.). Vail Resorts Inc. thus carries out the operations at the estates and thus also ensures that the clients attain the highest level of satisfaction. The strategies used for the different segments indicate that Vail Resorts is invested in a product development approach to help themselves grow within the industry (Mastering Strategic Management, 2016, p.243).

SWOT(SW) Analysis

Analyzing Vails strength and weaknesses generate ideas that will help improve/resolve weaknesses and leverage the strengths (Mastering Strategic Management, 2016, p.132). This analysis will help determine what Vail should implement or change to remain successful in their industry. In performing an internal analysis the firm must assess the strengths and weaknesses. The table below is a partial SWOT analysis to show Vails strengths and weaknesses.

Strengths <ul style="list-style-type: none"> ▪ Strong brand in the market ▪ Wide geographical and online presence ▪ Competitively skilled workforce ▪ Successful mergers and acquisition of property ▪ High quality products in the organization ▪ It is a green company. ▪ Effective and low-cost suppliers 	Weaknesses <ul style="list-style-type: none"> ▪ High level of work stress discouraging staff morale. ▪ Lower investment on new technology ▪ High daily inventory as compared to competitors. ▪ Organizational structure that is limited to flexibility. ▪ Low profitability ratio and Net contribution.
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Job stress by employees as a result of overworking is one of the critics for this organization. The organization is also spending less on the market research as compared to the competitors and thus contributes to the threat of not meeting the transforming needs of the clients. The insufficient current assets in the company is the other major challenge confronting its development and strength in the market. Poor management of waste has also contributed to more critics from the environmental promotion organizations.

The organization is tapping its financial muscle to enjoy economies of scale and thus improving the organizational market power. Vail Resorts Inc. has presents in international locations and even on the ecommerce platform (SAS, n.d.). This contributes largely to the increase in the level of the community development aspect with the consideration with the level of the specific level of concern being in the case of the development of the community intervention. The developed technology structure has also contributed to the large interpretation of the organizational intervention to the case of developing the specific measures.

Vail Resorts Inc. Internal Factor Matrix

The Internal Factor Evaluation Matrix (IFE) is a strategic management tool for auditing major strengths and weaknesses (Max-pedia, n.d.) The weights on the matrix indicate the company's position ranging from one to four. A score of one tells that the company's position is weak and four the company is strong.

Internal Strengths	Weight	Weighted Score	Rating
1. Recognition of the Brand	0.1	0.21	1
2. Brand portfolio	0.1	0.14	1
3. Current assets	0.07	0.26	3
4. Convenience to customers	0.09	0.27	1
5. Price Competitiveness	0.08	0.12	2
6. Vail Resort slogan	0.07	0.2	2
7. Positive Relationships with 3rd Party	0.05	0.06	1
8. Management of Inventory	0.06	0.12	2
9. International presence	0.08	0.09	1
Internal Weakness			
10. Vail Resort Brand Expensive	0.03	0.1	2
11. Investment on technology	0.05	0.15	2
12. Investment on market research	0.06	0.04	3
13. Employee satisfaction	0.08	0.06	3
14. Prices Not Easily Identified	0.02	0.06	2
15. Vulnerability to cyber crime	0.03	0.14	1
16. Self-Competing	0.02	0.05	1
Totals	1	2.07	

Vail Resorts Inc. takes the lead in the industry in various internal aspects. The Vail Resorts Inc. brand is widely recognized in the market since it has been dominant for a longer period as compared to most of the competitors (SAS, n.d.). The organization also prides in its convenience to clients due to the three segments which provides clients with one-stop services (Vail, n.d.). The international presence is the other strength which offers the company a

competitive advantage in the market. Vail Resorts Inc. has invested extensively on international markets and this has made it more competitive since it accesses a wider market. The brand portfolio and the Vail Resorts Inc. slogan are the other key factors which contribute largely to the improvement of the organizational competitiveness.

On the weaknesses side, the organization performs poorly on the aspect of employee satisfaction and on the investment on market research. The company has less allocations to this key venture as compared to its competitors (Plunkett, (Ed.), 2011). This makes the company more vulnerable in the future since it is not able to contemplate on the changing needs of the customers.

Vail Resorts Inc. Grand Strategy Matrix

Quadrant II	Rapid Market Growth		Quadrant I
Weak Competitive Position	Product development Forward integration Liquidation Market development	Market development Related diversification Horizontal integration Forward integration Product development	Strong competitive Position
	Unrelated diversification Overworked employees Unrelated diversification Liquidation	Diversification in related segments Joint ventures with lodging companies. Unrelated diversifications.	
Quadrant III	Slow Market Growth		Quadrant IV

The Grand Strategy matrix is considered to be an effective tool for determining the organizational improvement opportunities (Youtube, n.d.). Vail Resorts Inc. has invested largely on the aspect of developing the mountain resort market. Since it is one of the leaders in the

market, it seeks to develop specific improvements ahead of its competitors in the market (Vail, n.d.). This organization has also invested on the development of the related investments. Vail Resorts Inc. invests in three major related segments, mountain, lodges and real estate. Vail Resorts Inc. is also considering joint ventures with big lodging brands. This has helped the organization to further develop its brand more.

One of the major weak positions for Vail Resorts Inc. is the aspect of unsatisfied employees due to overworking. The company also has insufficiently low level of current assets making it vulnerable. Investing in unrelated ventures may also be considered part of the weak competitive position of this company since it denies the company the opportunity to grow specific measures for growth.

Vail Resorts Inc. Product line and Target Market

Vail Resorts Inc. has been expanding its products since the start of the company in 1962. The organization product line includes mountain activities which includes snowboarding and training of skiers. The other product line for this organization is the offering of entertainment venues for specific events within the serene Polar Regions of the world. Besides this, Vail Resorts Inc. is also involved in the provision of local accommodation within the organization (SAS, n.d.). This is offered through its lodging business segment which is also growing through the incorporation of specific collaborative ventures. The other product line for the giant mountain resort organization is the provision of both ground and air transport. This is majorly the provision of transportation to various mountain destinations. Village concessions is the other product line for Vail Resorts Inc. This products falls into the category of the real estate segment.

The target market for the mountain industry is mainly both local and international tourists who are on vacation. The other key target market for this Vail Resorts Inc. is the sporting skiers. The organization has also introduced skiing lessons programs where armatures are provided with skiing lessons. This has developed another group of target clients (Galpin, Joufflas, & Gasta, 2014). During skiing sports therefore, the company provides an ideal platform considering that it also provides accommodation for its customers.

Vail Resorts Inc. Business-level Strategies

Vail has been able to effectively apply the three business-level strategies in attaining a competitive advantage in the market. There are three strategies that could be implemented in an organization as a means of improving its competitiveness in the market. Focus strategy, differentiation focus and the cost leadership strategy were employed during the period. In order to attain cost leadership strategy, the organization has considered optimizing on human resource as a means of reducing the number of the employees. This has helped it to reduce its operation cost and thus lower the prices of the products. This considering that the organization offers its products in the three major segments which are closely related. The fact that this organization has been in the market since 1962 has given it more experience and thus it is able to meet the needs of the customers. The focus strategy in this case is obtained from the low prices that the organization offers. The size of the organization also gives it a competitive advantage since it is able to obtain economies of scale when purchasing raw materials.

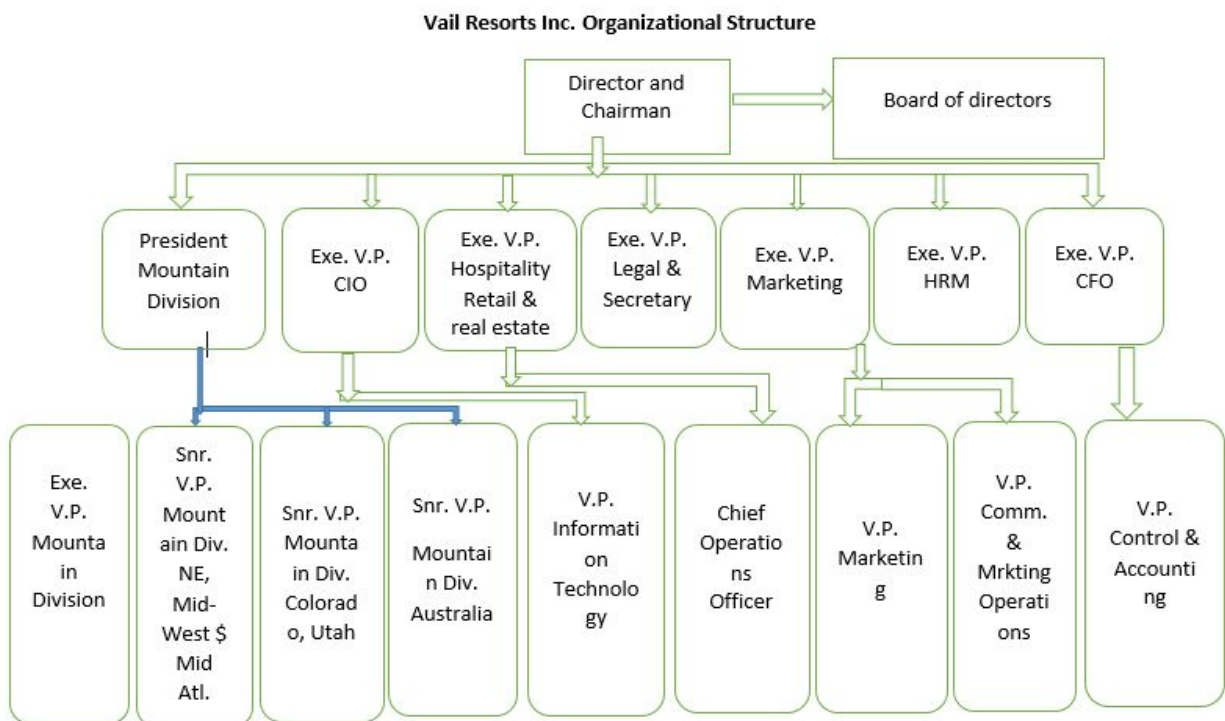
Vail Resorts Inc. Functional Level Strategies

The functional level strategies are the specific goals that are set by the organization as a means of attaining more suitable measures in the organization. These include the organizational

structure, organizational culture, marketing production and the organizational operations. The finances are also discussed in relation to how it contributes to the performance of the organization in the market.

Vail Resorts Inc. Organizational Structure

The organizational structure of this Vail Resorts Inc. is hierarchical with the highest point of the leadership having the chief executive officer who is also the chairman of the board of directors. The next in hierarchy is made up of the directors for the board, executive vice presidents for various departments and the president for Mountain division. In the third hierarchy, the vice presidents for the various sectors, the chief operations officer and the senior vice presidents for the mountain division. The executive vice president for the mountain division is also in this hierarchy. The diagram below indicates the organizational structure for Vail Resort Inc.



Vail Resorts Inc. Market Production, R & D and Operations

The organizational operations for this organization are mainly service provision. One of the operations includes the provision of training services to new skiers. The other operation includes providing cable car rides to the clients (Vail, n.d.). Preparation and maintenance of the guest houses are also carried out to promote the organizations, lodging segment. In the real estate segment, the organization is also involved in the operation of marketing of its real estates. It also provides transportation tickets both for air and ground transport at the Polar Regions of the world.

Vail Resorts Inc. also carries out various marketing production activities that contributes to the development of a competitive advantage at the organization. In the real estate business segment, the organization provides contracts to third party companies for the development of the real estates (Vail, n.d.). This contributes to the development of competitive real estate in the market. By developing special curricula for teaching skiing lessons, this provides a one stop service for the organizations. At the lodging segment, the marketing production includes the development of new standard guest rooms to meet the needs of the various client categories.

Vail Resorts Inc. is majorly focused in meeting the needs of the clients. The comfort of the customer is the key achievement of this organization (Nerpio, 2015). The new developments therefore especially of estates are carried out by third party contractors so as to improve the quality of the products. Despite the fact that Vail Resorts Inc. does not invest in market research as the competitors in the industry do, it also provides suitable intervention for the control of specific measures.

Vail Resorts Inc. Mission and Vision

The mission statement of the organization is “*Experience of a lifetime*”

This statement is centered on the satisfaction of the employees in the organization (Vail, n.d.).

When the experience for the employees is satisfying, then are also able to provide suitable services to the guests and thus promotes the client satisfaction and experience. The vision statement is; “*to re-image the mountain experience around the world*” The vision statement brings out the aspect of global presence. It also brings out the aspect of quality since Vail Resorts Inc. has sought to attain competitive advantage through providing quality services (Vail, n.d.). The expansion to international mountain markets has also been one of the competitive advantage strategies utilized by this organization.

Vail Resorts Inc. Major Financial Ratios

Ratios	Vail Resorts Inc. July-2019	Industry July-2019
Leverage		
Long-term Debt to Capital	153.94	215.5
Total debt to equity	158.84	223.92
Liquidity		
Cash Ratios	4.8836	3.44
Current Ratio	0.44	0.64
Quick Ratio	0.31	0.31
Efficiency		
Inventory turnover Ratio	13.4383	27.29
Assets turnover Ratio	0.5132	0.48
Revenue/Employee ratio	351.42	322.62
Profitability		
Net Profit Margin	13.2579	10.03
Return on Equity	18.7332	10.31
Return on Assets	7.3088	4.76
Return on Investment	9.9396	5.75

The leverage ratios indicates that Vail Resorts Inc. has a lower debt to asset ratio as compared to the industry. This is an indication that the company performs well and thus it is more likely to perform its long-term debt obligation (Microtrends, 2019). It is also less dependent on debts for its long-term operations as compared to the industry rate. In the efficiency ratios, there is an indication that the organization performs close to the industry performance in attaining efficiency when running its daily operations. The inventory ratio is lower compared to the industry level while the asset turnover ratio is higher as compared to the industry ratio. On the liquidity assets the company is also scoring similar to the level of the industry level. This is an indication that Vail Resorts Inc. does not have sufficient current assets to effectively gather for its short term debts (Microtrends, 2019). On the profitability ratios, the organization performs strongly as compared to the industry. Vail Resorts Inc. has a higher level of profitability and thus it is likely to generate more profits as compared to the competitors in the industry.

Vail Resorts Inc. Quantitative Strategic Planning Matrix

Key Factors Considered		Joint Ventures		Product Development	
Strengths	Weight	AS	TAS	AS	TAS
Strong brand in the market	0.1	2	0.46	4	0.21
Wide geographical and online presence	0.1	3	0.30	3	0.14
Competitively skilled workforce	0.07	3	0.50	3	0.26
Successful mergers and acquisition of property	0.09	4	0.25	3	0.27
It is a green company. organization	0.08	3	0.13	4	0.12
Vail Resort slogan	0.07	2	0.65	3	0.2
Effective and low-cost suppliers	0.05	3	0.43	4	0.06

Weaknesses					
Work related stress	0.03	1	0.06	3	0.1
Low profitability ratios	0.05	2	0.13	2	0.15
Low Investment on market research	0.06	2	0.09	1	0.04
Employee satisfaction	0.08	3	0.46	4	0.06
Hierarchical organizational structure	0.02	3	0.86	3	0.06
Opportunities					
e-commerce investment	0.09	4	0.61	3	0.27
Strategic collaborations	0.07	4	0.39	3	0.21
Government drive for green investment	0.06	3	0.45	2	0.12
Increase in Technology	0.08	4	0.23	4	0.24
Globalization	0.1	3	0.25	4	0.2
Threats					
Increasing raw material prices	0.08	1	0.32	1	0.08
Rising number of competitors in the market	0.06	2	0.08	4	0.12
Liability policies affecting the industry.	0.1	4	0.11	2	0.4
Foreign Law	0.09	2	0.20	3	0.18
Negative Publicity	0.05	4	0.3	3	0.2
Total Weighted Score			7.26		3.69

Vail Resorts Inc. Composite Analysis

The SWOT analysis provides the position of the organization in terms of its strengths and weaknesses. From this analysis, the Vail Resorts Inc. should consider revising the approach of the human resource management. This could be done by increasing the number of employees so as to reduce the work-related stress due to overwork. The internal factor evaluation (IFE) is also considered to be having a suitable intervention for the case of developing specific measures in

the community. The organization should consider ingesting more investment on the market research and on the adoption of new technology. This would help to ensure that the organization is at pace with all the other competitors in the market. From the QSPM analysis, the suggestion implied is that the organization should consider more joint ventures so as to attain more market power. The financial ratios also offer a clear indication that the liquidity ratios are lower or equal to the industry ratios and thus this puts the company at risk of not meeting the short-term debts and operation costs.

Conclusion

Carrying out organizational analysis with the consideration of the market helps to provide an overview of the various aspects of the community development factors. A SWOT analysis helps to identify the strengths and the organizations opportunities that could be tapped to provide a competitive opportunity to the organization. It also helps the company to identify the weaknesses and the anticipated threats. The internal factor evaluation helps to identify the internal strengths of the organization. The grand strategy Matrix provides the possible strategies that could be attained by the organization in order to achieve the optimal market performance. The organizational structure also provides an overview of whether the leadership is contributing significantly to the improvement of the organization. Financial ratios also offer a numerical analysis of the company performance in terms of financial management. The QSPM matrix on the other hand is also considered to be a suitable measure that could be used to determine the suitable course of action in order to improve the organizational performance.

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