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Future Development Strategies for S Group Based on SWOT Analysis

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Abstract In recent years, the real estate development enterprises are facing the gradually increased government's macro-control, and the increasingly fierce market competition, so it is very imperative to timely adjust and change the enterprises' development strategies to adapt to the new development situation. With S Group as the study object, we use SWOT analysis to analyze the company's internal and external environment, study the current situation of the company and the existing problems, and clearly point out the opportunities and challenges facing the company. Finally we put forth some targeted strategic recommendations, in order to provide a reference for the development of S Group.

Key words Real estate, SWOT analysis, S Group, Development strategies

The real estate industry is a pillar industry of the national economy, and plays an important role in ensuring the healthy, stable and orderly development of the national economy. For the healthy development of the real estate industry, the central government has continually implemented macro-control on the real estate industry.

Especially in recent years, the central government has made significant reforms and adjustments on land and financial policies, and the real estate industry is developing towards the direction of standardization and specialization.

In this new situation, the vast majority of real estate development companies are facing problems of survival and development. At this point, the real estate development enterprises should carry out the adjustment and conversion of development strategies of the enterprises as soon as possible according to their own circumstances, in order to adapt to the new development situation.

In this paper, with S Real Estate Group as the object of study, using SWOT analysis, we analyze the company's internal and external environment, and study the current situation of development of the company as well as the existing problems, which will help the enterprises to know the opportunities and challenges faced by them, and is of crucial significance to formulating the company's future development strategies.

1 S Group profile

S Investment Group Limited, together with its subsidiaries, is known as S Group. It was founded in 1999, with the real estate development and operation as the principal work; the scope of business covers the real estate development, bare mountain afforesting, municipal public works, decoration works, golf project, property management services and other areas.

Currently, S Group is a leading real estate developer in Uru-

mqi. Since September 2001, S Group has established three subsidiaries with good credit status, and has successfully developed a number of real estate property projects. It has developed a number of real estate projects in Urumqi, and also constructed a number of major government projects, thereby having a good reputation in the society and industry.

2 SWOT analysis of S Group

Based on the basic understanding of S Group, we use SWOT analysis to combine the S Group's internal and external environmental conditions, to analyze S Group's strategies and determine the enterprise's strengths and weaknesses, as well as the opportunities and threats faced by it. The analysis results are as follows.

By combining the above strengths, weaknesses, opportunities and threats, we can get the specific combination of S Group's response to environmental change.

(i) $S_n + O_1$: Good relations with government departments (S_1), relying on S Group's brand advantage (S_2), excellent project quality (S_3) and strong financing capability (S_4) are all the favorable conditions for the continual development of the company, which enables the company to seize the opportunity of real estate market development (O_1).

(ii) $S_n + O_2$: The company can rely on the good relations with government departments (S_1) to grasp the trend of high-end residential construction, and rely on S Group's brand advantage (S_2) and excellent project quality (S_3) to meet the high quality requirements of high-end residence.

It can rely on the strong financing capability (S_4) to speed up construction projects, shorten the construction period, and achieve rapid return of profits.

(iii) $S_n + O_3$: The company can rely on the good relations with government departments (S_1) and strong financing capability (S_4) to get more land and increase the affordable housing during the period of government making great efforts to increase market

supply (O_3).

It also relies on S Group's brand advantage (S_2) and excellent project quality (S_3) to meet consumer demand.

(iv) $Sn + O_4$: The company relies on S Group's brand advantage (S_2) and modern management thinking to realize the standard management of residence (O_4); it uses a number of opportunities

Table 1 SWOT analysis of S Group

Strengths	Weaknesses
S_1 Good relations with government departments	W_1 Small scale, low market share
S_2 Relying on S Group's brand advantage	W_2 Lack of real estate development professionals
S_3 Excellent project quality	W_3 Extensive management
S_4 Strong financing capability	W_4 Low public awareness, unobvious brand effect
Opportunities	Threats
O_1 Great development potential for real estate market of Urumqi	T_1 Limiting the development of real estate from the tight monetary policy
O_2 Continual development of high-end residence	T_2 Market potential risks
O_3 Government's efforts to increase market supply	T_3 General wait-and-see attitude towards the real estate market
O_4 Advance of new technologies and modern management thinking	

(v) $Sn + T_1$: The company has strong financing capability (S_4), conducive to evading the tight monetary policy limiting the development of real estate (T_1).

Good relations with government departments (S_1), S Group's brand advantage (S_2), and excellent project quality (S_3), will not be significantly affected by tightening monetary policy.

(vi) $Sn + T_2$: Market potential risks (T_2) are mainly from the original competitors in the same industry and the new strong competitors.

Compared with the local veteran real estate companies, good relations with government departments (S_1) can not become the dependence for the company to avoid market potential risks (T_2); compared with the emerging foreign real estate companies after China joined WTO, strong financing capability (S_4) can not become a decisive factor to avoid market potential risks (T_2), too.

Instead, relying on S Group's brand advantage (S_2), and excellent project quality (S_3) can reduce market potential risks (T_2) to some extent.

(vii) $Sn + T_3$: General wait – and – see attitude towards the real estate market (T_3) is mostly caused by the impact of national macro-control policies on the real estate market.

Good relations with government departments (S_1), relying on S Group's brand advantage (S_2), excellent project quality (S_3) and strong financing capability (S_4) can not change the ubiquitous wait – and – see attitude in the market (T_3), but strong financing capability (S_4) can relatively reduce the financial threats brought by the general wait – and – see attitude towards the real estate market (T_3).

(viii) $Wn + O_1$: Small scale, low market share (W_1), lack of real estate development professionals (W_2), extensive management (W_3) and low public awareness, unobvious brand effect (W_4) can be relieved by giving full play to the great development potential for real estate market of Urumqi (O_1).

(ix) $Wn + O_1$: Continual development of high-end residence (O_2) is a rare opportunity for S Group. The construction of high-

of government project construction to increase reputation and the market turnover.

And strong financing capability (S_4) makes the company more competitive in the real estate market after the construction of government projects.

end residence can help improve the enterprise scale, improve the small scale, low market share (W_1), address the lack of real estate development professionals (W_2), and solve the lack of extensive management (W_3).

And the low public awareness, unobvious brand effect (W_4) can be improved through the excellent quality.

(x) $Wn + O_3$: The increased government's efforts to increase market supply (O_3) is also a good opportunity for S Group to improve the small scale, low market share (W_1), and improve the low public awareness, unobvious brand effect (W_4).

It also helps to address the lack of real estate development professionals (W_2), and solve the lack of extensive management (W_3).

(xi) $Wn + O_4$: It is necessary to promote the advance of new technologies and modern management thinking (O_4). The development of new science and technology can accelerate the housing industrialization, and speed up the realization of standardized management of housing.

It can also help to address the lack of real estate development professionals (W_2), and improve the low public awareness, unobvious brand effect (W_4).

(xii) $Wn + T_1$: Small scale, low market share (W_1), lack of real estate development professionals (W_2), extensive management (W_3) and low public awareness, unobvious brand effect (W_4), worsen the limited development of real estate due to the tight monetary policy (T_1), making it difficult to improve the company's development status.

(xiii) $Wn + T_2$: Small scale, low market share (W_1), lack of real estate development professionals (W_2), extensive management (W_3) and low public awareness, unobvious brand effect (W_4), do not play a significant role in preventing the market potential risks (T_2).

(xiv) $Wn + T_3$: Small scale, low market share (W_1), lack of real estate development professionals (W_2), extensive management (W_3) and low public awareness, unobvious brand effect

(W_4), make the consumer groups more cautious and suspicious, and make it fail to change the general wait – and – see attitude towards the real estate market (T_3).

In SWOT analysis, the analysis of opportunities, threats, strengths and weaknesses for enterprises is not the single-indicator evaluation, but the comprehensive hierarchical process based on various indicators and factors, and the appropriate strategies are made by taking into account the internal factors and external factors.

According to the above analysis of S Group, we develop its SWOT portfolio strategy, as shown in Table 2.

Table 2 SWOT portfolio analysis of S Group

	S_1	S_2	S_3	S_4	W_1	W_2	W_3	W_4
O_1	Y	Y	Y	Y	Y	Y	Y	Y
O_2	Y	Y	Y	Y	Y	Y	Y	Y
O_3	Y	Y	Y	Y	Y	Y	Y	Y
O_4	N	N	Y	Y	N	Y	N	Y
T_1	N	N	N	Y	N	N	N	N
T_2	N	N	Y	N	N	N	N	N
T_3	N	N	Y	N	N	N	N	N

Note: Y is feasible; N is not feasible.

3 The future development strategies for S Group

3.1 Development strategies options In the face of new opportunities and threats, based on the enterprise’s strengths and weaknesses, there are following four development strategies for S Group to choose.

SWOT rectangle analysis figure for S Group is shown in Fig. 1.

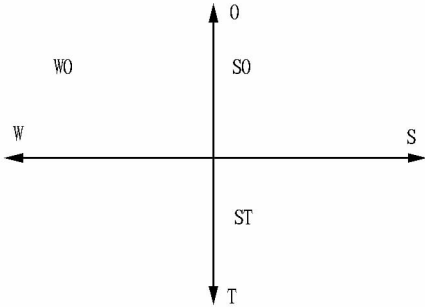


Fig. 1 SWOT rectangle analysis figure for S Group

3.1.1 SO strategy (Development Strategy). On the basis of existing development, it is necessary to make full use of the government guidance for real estate industry and real estate market demand.

Based on good project quality and strong financing capability, it is necessary to increase efforts to develop high-end residence and affordable housing, thereby expanding the size of the company, increase market share, and improve the corporate structure.

3.1.2 WO strategy (Reverse Strategy). This strategy needs to take full advantage of the impact of social and economic development on the real estate industry and industrial comparative advantage, and strengthen the introduction of various kinds of talent and continuous improvement of enterprise management, so as to ex-

pand market share and enterprise scale, and raise brand awareness.

3.1.3 ST strategy (Diversification Strategy). In the face of increasingly enhanced government’s macro – control, increasingly competitive market, and the general wait – and – see attitude towards the real estate market, S Group should exert its own advantages to actively explore, subdivide market and increase market share.

Meanwhile, it should try to carry out multi-mode diversified business projects, in order to effectively avoid risks and threats to development.

3.1.4 WT strategy (Defense Strategy). In the face of unavoidable internal weaknesses and external threats, S Group should withdraw its abilities and bide its time in terms of survival and development issues. It should build the enterprise’s core competitiveness to improve competitive disadvantage.

Through analysis, it can be found that S Group is faced with the dual threat of policy and markets, but it is also in the period of increasingly growing market demand and steady national economic development. SO strategy and WO strategy can be used as the development strategies for S Group.

SO strategy is to play the internal strengths of enterprises and then seize external opportunities. WO strategy is to take advantage of external opportunities to improve internal weaknesses.

Currently, the business development capacity of S Group remains at a medium level, with great potential for development. S Group should regard SO strategy as the major development strategy, supplemented with WT strategy.

In the process of continuous development, it should improve its own weaknesses, improve the management level, absorb professionals, and enhance the brand effect, to create a good foundation for the formulation and implementation of the following strategic policies and objectives.

3.2 Specific development strategies For SO strategy, this paper presents four sub-strategies: expansion strategy, brand strategy, human resources strategy and organizational culture strategy.

3.2.1 Expansion strategy. In the expansion strategy, there are three basic strategies to choose: low cost strategy, differentiation strategy and focus strategy.

According to the company’s SWOT analysis, focus strategy is a long-term strategy most suitable for the development of the company, focusing on the differentiation needs of target markets, which can meet the specific market demand. Focus strategy includes market penetration strategy, market development strategy and product development strategy.

(i) Market penetration strategy. S Group should centralize the company resources, and dedicate itself to the development of upscale residence suitable for high-end consumer groups. The company should gradually accumulate experience and capital to create its own product system.

(ii) Market development strategy. S Group should develop other regional markets and expand market business scope based on

the experience and technology of the development areas while consolidating the existing markets in Urumqi.

(iii) Product development strategy. S Group should enhance its technical strength while expanding the market share.

Meanwhile, it should constantly improve and develop the competitive products according to the specific needs of consumer groups; give full play to its wisdom, creativity and initiative, and constantly improve the internal management system; make a great effort to focus on the research and development of the company's products.

3.2.2 Brand strategy. Different real estate development enterprises form different brands, and the brand has brought greater and greater effect. Although there are many development projects for S Group, it has not yet established its own brand.

With the increasing commercialization of residence, the company's brand has played a more and more prominent role in improving the project value.

Therefore, for S Group, its primary strategic task is to intensify the company's brand building, and enhance residents' awareness of project brand.

3.2.3 Human resources strategy. Talent is the key to productivity of modern enterprises, and for the real estate industry as service-oriented and innovative industry, the talent strategy implementation will determine the future development of enterprises. S Group has formed a certain pattern in the talent introduction, training and upgrading, and its system is mature.

However, there are still some problems to be improved in terms of talent strategy, such as appraisal systems, promotion and remuneration, the middle level management capacity and other issues.

Therefore, in the future development strategies, S Group

should continue to attach the importance to talent strategy, to form an effective talent development and management model as soon as possible.

3.2.4 Organizational culture strategy. Organizational culture is the behavior of humans who are part of an organization and the meanings that the people attach to their actions. Culture includes the organization values, visions, norms, working language, systems, symbols, beliefs and habits.

It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders.

Currently, with the hardware conditions of well-known enterprises increasingly getting closer, "culture" and other soft factors have gradually become a key way for the company to effectively retain employees, attract customers and get social recognition.

As a result, we believe that S Group should consider the importance of "cultural strategy" when making the development strategies, to make it become a driving force for the enterprises' development.

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