



INSTITUTO  
UNIVERSITÁRIO  
DE LISBOA

---

## **Strategic Plan of ZY Company**

Hu Hanfang

Master in Applied Management

Supervisor:  
Professor Doctor Pedro Fontes Falcão, Associate Professor  
with Habilitation,  
ISCTE-IUL

September, 2024

Department of Marketing, Operations and General  
Management

**Strategic Plan of ZY Company**

Hu Hanfang

Master in Applied Management

Supervisor:  
Professor Doctor Pedro Fontes Falcão, Associate Professor  
with Habilitation,  
ISCTE-IUL

September, 2024

## **Acknowledgements**

The year of study at ISCTE is coming to an end. This year has not only enabled me to gain new knowledge, meet knowledgeable teachers, but also make friends with similar aspirations. During the months of writing the thesis, I combined the theoretical knowledge I learned with practical work, which not only enriched the content of the thesis and increased the implementability of the conclusions, but also improved my efficiency and effectiveness in the work.

First of all, I would like to thank my supervisor, Professor Pedro Fontes Falcão, who set up a timetable for my study at the very beginning of the process, so that I could complete the whole process in an organized manner and according to his directions and framework. I would also like to thank the professors who have taught my courses over the past year. They laid the foundation of knowledge for me to write this study.

In addition, I am very grateful to the chairman of ZY Company. He gave me full trust and support, not only took the initiative to provide me with the company's transformation plan and his plans and goals for the transformation process, but also arranged for other management and employees to fully cooperate with my interviews and allowed me to utilize the company's internal data, which greatly assisted in the writing of my study.

Finally, I would also like to thank myself and my family for their support. After working for more than ten years, I was able to reignite my motivation to study and overcome all the difficulties I encountered in the process, without my own hard work and the spiritual accompaniment of my family. This year's experience of studying abroad will be the most unforgettable memory of my life.

## **Abstract**

ZY Company was founded in Shanghai in 2006, which has been dedicated to adult higher education and vocational skills training, and has been among the top three in the industry. However, in the past two years, with a series of reform programs and measures issued by the Ministry of Education, the main business of ZY Company has been greatly impacted. Based on this, how to comprehensively analyze the company's own situation and grasp the current internal and external environments, and implement the business transformation is the real problem that ZY Company needs to solve, which is also the core problem studied in this study.

To achieve this goal, this study uses literature review method, PESTL analysis and Porter's Five Forces model to sort out and analyze the status of ZY company, external macro environment and industry environment. At the same time, the in-depth interview method is used to further understand ZY company, analyze the company's customer types according to different dimensions, thus establishing a typical customer profile, and enhancing the company's market competitiveness through precise marketing. In addition, SWOT analysis is applied to comprehensively analyze ZY's strengths, weaknesses, opportunities and challenges. Finally, VRIO model and BCG Matrix are used to qualitatively and quantitatively analyze the internal and external factors of ZY Company, and a questionnaire is designed to understand the implementation of all aspects of transformation within the company. After all these analyses, the development strategy and business type that meets the actual situation of ZY Company is finally determined.

**Keywords:** Adult education, Strategic transformation, Customer Service, Value Added

**JEL Classification:** I2、L1

## **Resumo**

A empresa ZY foi fundada em Xangai em 2006 e dedica-se ao ensino superior para adultos e à formação de competências profissionais, encontrando-se entre as três primeiras do sector. No entanto, nos últimos dois anos, com uma série de programas e medidas de reforma emitidos pelo Ministério da Educação, a atividade principal da ZY Company sofreu um grande impacto. Com base nisto, como analisar exhaustivamente a situação da própria empresa e compreender os actuais ambientes interno e externo, e implementar a transformação empresarial é o verdadeiro problema que a empresa ZY precisa de resolver, que é também o problema central estudado neste estudo.

Para atingir este objetivo, este estudo utiliza o método de pesquisa bibliográfica, a análise PESTL e o modelo das Cinco Forças de Porter para classificar e analisar a situação da empresa ZY, o ambiente macro externo e o ambiente da indústria. Ao mesmo tempo, o método de entrevista aprofundada é utilizado para compreender melhor a empresa ZY, analisar os tipos de clientes da empresa de acordo com diferentes dimensões, estabelecendo assim um perfil de cliente típico, e melhorar a competitividade da empresa no mercado através de um marketing preciso. Além disso, a análise SWOT é aplicada para analisar exhaustivamente os pontos fortes, os pontos fracos, as oportunidades e os desafios da empresa ZY. Por último, o modelo VRIO e a matriz BCG são utilizados para analisar qualitativa e quantitativamente os factores internos e externos da empresa ZY, e é elaborado um questionário para compreender a implementação de todos os aspectos da transformação na empresa. Após todas estas análises, é finalmente determinada a estratégia de desenvolvimento e o tipo de negócio que corresponde à situação atual da empresa ZY.

**Palavras-Chave:** Educação de adultos, Transformação estratégica, Serviço ao cliente, Valor acrescentado

**Classificação JEL:** I2、L1

## Table of Contents

ACKNOWLEDGEMENTS.....	I
ABSTRACT .....	II
RESUMO.....	III
LIST OF TABLES.....	VI
LIST OF FIGURES .....	VII
GLOSSARY .....	VIII
1. INTRODUCTION .....	1
2. LITERATURE REVIEW .....	3
2.1. DEVELOPMENT AND ELEMENTS OF STRATEGIC MANAGEMENT .....	3
2.2. MOTIVATION AND SIGNIFICANCE OF STRATEGIC TRANSFORMATION .....	4
2.3. DEVELOPMENT OF PRIVATE EDUCATION.....	6
2.4. PURPOSE OF CONTINUING ADULT EDUCATION .....	7
2.5. STRATEGIC TRANSFORMATION OF THE EDUCATION AND TRAINING INDUSTRY .....	8
3. METHODOLOGY .....	9
3.1. PROJECT OBJECTIVE .....	9
3.2. OVERVIEW OF STUDY METHODS AND TOOLS .....	9
4. STRATEGIC PLAN.....	11
4.1. EXECUTIVE SUMMARY.....	11
4.2. EXTERNAL SITUATIONAL ANALYSIS .....	13
4.2.1. <i>PESTE Analysis</i> .....	13
4.2.2. <i>Sector Analysis</i> .....	17
4.2.3. <i>Competitor Analysis</i> .....	18
4.2.4. <i>Porter's Five Forces Analysis</i> .....	20
4.2.5. <i>Consumer Analysis</i> .....	23
4.3. INTERNAL SITUATIONAL ANALYSIS .....	25
4.3.1. <i>Characterization of the company</i> .....	25
4.3.2. <i>Mission, vision and values</i> .....	25
4.3.3. <i>ZY Company Structure</i> .....	26

4.3.4. <i>Development status of ZY Company</i> .....	28
4.3.5. <i>Analysis of ZY Company's Core Competitive Capabilities</i> .....	29
4.4. SWOT ANALYSIS .....	32
4.5. DESIGN OF STRATEGIC TRANSFORMATION.....	35
4.5.1. <i>The idea of strategic transformation of ZY Company</i> .....	35
4.5.2. <i>Principles of ZY Company's Strategic Transformation</i> .....	35
4.5.3. <i>The layout and objectives of ZY Company's strategic transformation</i> .....	36
4.6. IMPLEMENTATION OF STRATEGIC TRANSFORMATION .....	43
4.6.1. <i>Schedule</i> .....	43
4.6.2. <i>Implementation measures for strategic transformation</i> .....	45
4.6.3. <i>Control and assessment</i> .....	47
5. CONCLUSIONS .....	49
5.1. STUDY CONCLUSIONS .....	49
5.2. STUDY LIMITATIONS .....	50
REFERENCES .....	52
APPENDICES .....	55

## List of Tables

Table 4.1 Approaches to strategic business transformation .....	11
Table 4.2 Competitor analysis.....	20
Table 4.3 Classification of customer learning purposes .....	23
Table 4.4 Classification of customer age .....	23
Table 4.5 Classification of customer personality types .....	24
Table 4.6 Classification of customer loyalty .....	24
Table 4.7 Analysis of Internal Resources and Capabilities of ZY Company .....	30
Table 4.8 SWOT Matrix of ZY Company .....	34
Table 4.9 Implementation table for ZY Company's transformation .....	44



## List of Figures

Figure 1.1 Technological Route .....	2
Figure 4.1 PESTE analytical diagrams .....	13
Figure 4.2 Per capita disposable income and growth rate of national and selected urban and rural residents in the first half of 2024.....	15
Figure 4.3 The Five Forces Model faced by ZY Company .....	22
Figure 4.4 Organizational structure of the Group - Functional .....	26
Figure 4.5 Organizational structure of the division - Divisional .....	27
Figure 4.6 Organizational structure of the Operations Department-Teams .....	27
Figure 4.7 2013-2023 ZY Company's Educational Enrollment Rates .....	29
Figure 4.8 Strategic direction for the transformation of the ZY Company .....	37
Figure 4.9 BCG Matrix .....	38
Figure 4.10 BCG Matrix of ZY Company .....	41
Figure 4.11 Layout of business and revenue share in the third year of ZY Company's transformation .....	43
Figure 4.12 Overall attitude of ZY Company employees towards the transformation.....	46
Figure 4.13 Management of the company voted on the areas of focus for the strategic transformation.....	48
Figure 5.1 Results of voting by the company's management on the main drivers of strategic transformation.....	50

## **Glossary**

YRD: Yangtze River Delta, An economic and geographic term for the lower reaches of the Yangtze River in China, encompassing four provinces and municipalities.

SME: Small and Midsize Enterprise

Internet +: Internet + various traditional industries. However, it is not simply the addition of the two, but the use of information and communication technology as well as the Internet platform, so that the Internet and traditional industries to carry out in-depth integration.

## 1. Introduction

The original purpose of education is to improve the quality of the people, realize the all-round development of nationals and promote the rejuvenation of the nation. Education not only represents the progress of a country, but also carries the hope of hundreds of millions of families, and high-quality education brings a prosperous country. As more and more people realize the significance of education, adult continuing education in China has been growing rapidly in the past decade, which has given rise to a large number of third-party continuing education training institutions, ZY Company is a typical representative of the company in Shanghai, China.

Since its establishment in 2006, ZY Company has been committed to continuing education for adult higher education and vocational skills training, with the goal of becoming an influential education technology enterprise. After nearly two decades of development and growth, the enterprise has developed from only a few employees and dozens of students in Shanghai at the beginning to an industry-leading enterprise with hundreds of employees and more than 100,000 students covering Jiangsu, Zhejiang and Shanghai provinces in the YRD region nowadays, and has a very good reputation in the industry.

However, in the past two years, with a series of education and training-related policy documents issued by the Ministry of Education, the entire teaching and training industry has been very greatly affected. 2024 The state's macro contraction policy for adult higher education has not issued any relief, from the off-campus teaching site settings, enrollment target limitations, strengthening the teaching process, serious examination discipline, thesis requirements, after-the-fact assessment and inspection for multi-link, multi-means regulation. At present, the market demand for adult higher education continues to shrink leading to worse competition in the industry, competitors in order to survive will take a series of unusual means, the future may bring a greater crisis in the industry.

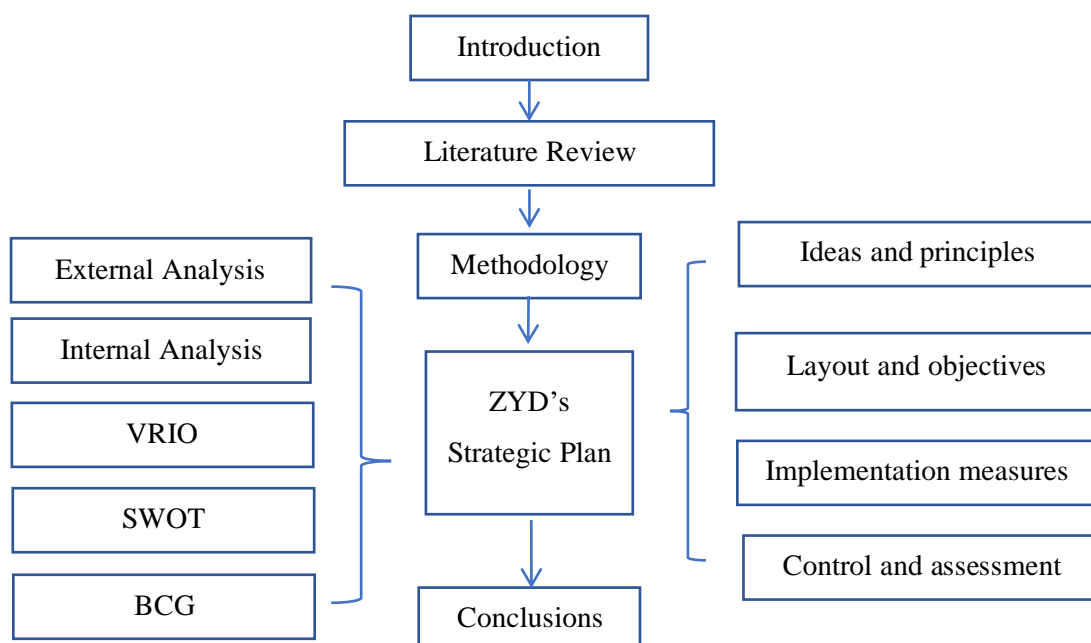
This study adopts a combination of theory and practice, analyzes and organizes the information of the project objectives through the literature review method, and analyzes ZY Company's external macro-environment and industry environment through the PESTE analysis tool and Porter's Five Forces Model. At the same time, in-depth interviews are used to understand the current operation status of ZY Company, and SWOT analysis is used to analyze the inherent strengths and weaknesses, as well as the development opportunities and external challenges faced by ZY Company. Finally, the internal and external factors of ZY Company are analyzed qualitatively and quantitatively by using the VRIO model and the

BCG Matrix. Based on this, the company will make a strategy selection, propose effective implementation methods and finally determine a development strategy that meets the company's actual situation. This can be a reference for other companies in the same industry when they face the same external or internal problems.

This study is divided into five chapters. Chapter 1 introduces the background of the study, the issues that arise, the objectives of the project and the study methodology. Chapter 2 presents the literature review, which combines the findings of various theories and celebrities to lay the foundation for the study in this study. Chapter 3 details the methodology adopted for the study. Chapter 4 includes a detailed list of external analysis, internal analysis, comparison of strengths and weaknesses, opportunities and risks for the study object. Finally, the results of the study are combined to propose a development strategy for the study subject that is in line with the company's realities, and the implementation schedule, implementation measures, control and evaluation of the strategic program are also specified. Chapter 5 is the conclusion of this study.

The general study idea of this study is to summarize the strategic content of transformation and development and list the safeguard measures by citing the theory and analysis method of strategic management and combining with the specific situation of ZY Company. The study content and technical route of this study are shown in Figure 1.1.

*Figure 1.1 Technological Route*



## **2. Literature Review**

### **2.1. Development and elements of strategic management**

Strategic management is in fact the result of the introduction of "strategy" from the military to the business world and its continuous enrichment and development. Zhou (2006) argues that the development process of SMEs is in fact a dynamic cycle of constantly adjusting business objectives and strategies as the environment and their own resources evolve. Wicks et al. (2006) developed a systematic approach to build a complex system that includes an organizational vision, mission statement, core competencies, and order winners to determine the design and execution of the company's key business processes to ensure the efficient operation of the company. Hu and Mu (2008) argue that over time, strategic management theories have evolved from a single competitive perspective to a more integrated and diversified framework. For this reason, Yang (2012) proved that Porter's strategic management theory was created in a specific context, thus forming a system of strategic management theory with the theories of value chain, five forces model, three generic strategies, diamond theory, etc., which also made a great contribution to the management of the company.

However, with the change of time and the deepening maturity of management theory, people gradually find that Michael Porter's strategic management theory exposes the shortcomings and its limitations. Li (2013) divided management science into three levels: management foundation, functional management, and strategic management. Throughout the three levels, strategic management is undoubtedly the highest level and the first task of modern company management, which plays an important role as a pointer in the operation process of the company. Especially in today's unpredictable market environment and increasingly fierce competition, how to formulate a correct strategy and effectively implement and control in order to obtain a sustainable competitive advantage is an important issue in front of every company. Guo (2018) believes that it is not enough for companies to just develop a competitive strategy and corporate strategy, it is also necessary for companies to have continuous strategic actions, only then can they achieve success in strategic management. Similarly, Killen (2019) emphasizes the need for companies to be aware of the role that strategic management can have on them and apply the theory to project management to ensure that projects are able to achieve a high rate of completion, in order to help companies gain more economic benefits from project construction.

Lan (2019) demonstrated that strategic management is fundamentally different from advance planning. For strategic management, it is inseparable from the analysis of the environment and the design of the system, which will be directly affected by the changes in the dynamic environment, so as to make corresponding adjustments. The core content of strategic management lies in the motivation, which should be based on the motivation of company development, combined with the analysis of the market environment, and the formulation of scientific and effective development planning to ensure that companies can achieve long-term sustainable development. The following year, Tang et al. (2020) proved that the company's brand marketing strategy group consists of main strategy, sub-strategy and basic strategy, through the formation of identification, configuration of innovative joint way to develop feasible management countermeasures, the combination of strategic elements, and ultimately to achieve the purpose of improving the competitiveness of the brand. Chen et al. (2021) once again analyzed in-depth from the internal and external environments of companies to provide environmental information support for companies to formulate their development strategies, so that their development strategies give full play to their core competitiveness, thus promoting them to achieve good development. Liu (2022) constructs a theoretical model of its business model innovation path through research and discovers the impact of the digital economy on value proposition, value creation and delivery. For this reason, online education companies can create a new business model through the combination of information technology penetration and four-stage innovation.

## **2.2. Motivation and significance of strategic transformation**

Floyd and Lane (2000) discuss that there are two main ways of realizing the strategic transformation path: one is the company's internal initiative to take the means of change to complete the gradual strategic transformation, and the other is the passive, destructive strategic shift triggered by the dramatic changes in the external environment. Stockport (2000) also made it clear that strategic transformation is a process by which a company improves itself in order to ensure its long term survival and ability to grow. This improvement can have a profound effect on the services and products offered by the company and may even have a significant impact on the internal structures, systems, employees and even the culture of the company. In the same year, Floyd and Lane (2000) pointed out that if a company wants to survive in a volatile and uncertain market environment and even maintain a good growth, it

needs to continuously adjust its strategic objectives according to the changes in the environment.

So how can a successful strategic transformation take place? Greiner et al. (2003) argued that successful strategic transformation is a large-scale transformation of the internal structure of the company, its market position and economic performance. Reynolds (2006) further stated that corporate strategic transformation can be analyzed by starting with the company structure. Li and Chen (2009) consider that business transformation essentially falls under the category of strategic transformation and is intended to reflect the company's own restructuring process.

When does a company need to undergo strategic transformation? Tang et al. (2015) pointed out that when the business environment or strategic decisions change, in order to adapt to the new situation in order to deal with the risks faced or crises encountered, companies need to carry out strategic transformation, which is a process of reorientation of the original business strategy. McCarthy et al. (2015) summarized that the causes of company transformation are mostly due to poor performance, and the company gradually loses its competitiveness due to various subjective and objective reasons on the way of development. In addition to the above reasons, Hu et al. (2017) concluded that the internal environment, the external environment, the competitive landscape, the performance pressure and the strategic motivation are all factors that drive the strategic transformation of companies, and the essence of strategic transformation is to reconfigure the organizational elements of company strategy. In the particular environment of China, Yang et al. (2017) believed that with the transformation of China's economic system, in the new market economy conditions, companies have to go through the test from the market side in order to develop healthily. The study conducted by Wan et al. (2021) found that economic policy uncertainty can actually facilitate company strategic transformation.

What are the key factors of the strategic transformation of a company? Li and Liu (2018) identified that in the process of business transformation, managers' perceptions, companies' capabilities, and resources have a significant impact on the business transformation of a company. Stefanos (2022) also verified the validity and correctness of their view. Burchardt et al. (2019) elaborated that the strategic transformation of companies should be efficient and innovative. Zhang (2019) emphasized that factors such as the macro situation, industry characteristics, and the company's own development status all have an impact on what kind of strategic transformation the company chooses. Starting from the theoretical study of the implementation elements of the strategic transformation of companies and the steps of the

strategic decision-making of companies, he came up with two classic ways of strategic transformation of companies, which are "top-down" and "bottom-up" respectively. Chen (2020) pointed out that the most fundamental purpose of the strategic transformation of companies is to maximize the interests of companies. At the same time, strategic transformation contributes to the integration of human resources, the enhancement of the competitiveness of the company, and the optimization of the basic conditions of the company.

### **2.3. Development of private education**

Scholars at home and abroad have made rich studies on education groups and the private education industry. Conger and Xin (2000) have identified forces that are driving a transformation of continuing education as it enters the 21st century, not only in terms of pedagogical approaches, but also in terms of pedagogical purposes. They described the end result of these trends, the transformation of adult continuing education in the 21st century, as a key lever for strategic transformation. Xia et al. (2012) analyzed the core competitiveness advantages and development strategies of private higher education in China by comparing the current higher education development model in China. The results of the study found that private higher education has advantages in terms of running costs, market development and product target agglomeration. Lockhart (2013) also argued that Adult Continuing Education needs to be differentiated from traditional higher education by not just teaching theoretical tangible material, but also incorporating the governance of companies and institutions. Adult continuing education is unique in that the responsibility for learning and the direction of that learning is largely determined by the learner. Mohedo and Bújez (2014) further explored issues related to the training of future teachers in private kindergartens and universities, and they noted that student-teacher information interaction should be further strengthened through cross-curricular skills training to make private education counseling more relevant, thereby improve overall quality.

With the development of time, Topbas et al. (2015) explored the impact of a five-step learning strategy on academic success, using pre-tests, post-tests, and control group experiments to simulate the key factors of educational groups' impact on academic success. Afterwards, Chen and Zhang (2017) discussed a series of policies related to private higher education, resulting in corresponding adjustments and conversions, which ultimately led to the improvement of the corporate governance structure of private education companies. The following year, Dover et al. (2018) proposed a solution-based approach to developing and



implementing customized adult continuing education programs. They argued that Adult Continuing Education needs to be customer-centered and operationally rigorous from a solutions perspective in order to deliver sustainable and measurable value to customers at the individual and corporate level.

#### **2.4. Purpose of continuing adult education**

Adult education is different from other private education because of its audience. Zhang et al. (2021) argued that career orientation is the main value orientation and learning purpose for adults to participate in education. This then also served as an important basis for adult education institutions to adapt to the development of massification of higher education and the background of employment pressure to reposition and adjust their development concepts, development goals, development orientation, and educational characteristics. In such a situation, Pan (2022) demonstrated that the independent colleges and universities of continuing education urgently need to open the road of transformation, which is not only the trend of the development of the times, but also an inevitable choice to respond to the needs of their own development. In recent years, with the continuous development of digitalization, adult continuing education has entered a new stage of development. Wang and Lin (2023) elaborated that continuing education plays an important role in building an education system that serves lifelong learning for all.

An and Wan (2023) concluded that the digitalization of education to promote the transformation and reform of adult education is conducive to the modernization of adult education and its high-quality development. But at the same time, there are real dilemmas such as ideology and capacity to be changed and improved, digital learning platform and technical services to be upgraded, co-construction and sharing of educational mechanisms to be expanded, and supervision and management systems to be improved. Therefore, how to synthesize their respective advantages and form alliances may become a new development trend. Tjemkes et al. (2023) demonstrated that alliances can bring a wide range of benefits, such as economies of scale, reduction of competition, innovation, sustainability, and profitability, and so on.

## **2.5. Strategic transformation of the education and training industry**

In the face of evolving social needs and economic growth, all industries are facing the status quo of transformation. Liu (2014) pointed out in his analysis of how training institutions can transform to meet the needs of the Internet era that training institutions should take the initiative to seek integration with Internet technology from the business perspective. Online marketing is carried out from the beginning of business promotion, so that the business can realize online innovation from multiple perspectives. After analyzing the development crisis of the teaching and training industry, Tang et al. (2016) pointed out that the transformation of teaching and training institutions and coping with the crisis should be strategic, establish the concept of branding and specialization of education and reform the education and training model. Chu (2020) explained that the rapid development of "Internet +" has promoted the effective integration and utilization of resources in various industries. She deeply analyzed the challenges and opportunities faced by the education and training industry in the era of "Internet +", as well as the adjustment and improvement of its marketing strategy, so as to lay the foundation for the long-term development of the education and training industry in the context of "Internet +".

As an important part of China's education, the high-quality development and progress of the education and training industry has an important impact and significance on education. Liu et al. (2024) discussed in detail that China's higher continuing education has reached a new stage of strategic transformation. At this stage, under the new policy environment, it has become a necessity to continuously promote the value concept of "lifelong education" to the society, to build a policy framework compatible with the "modern education system", and to promote the formation of a system of higher education with Chinese characteristics that is compatible with China's national conditions. It has become inevitable.

### **3. Methodology**

#### **3.1. Project objective**

The subject of this study is a company that is mainly engaged in adult academic education and vocational training in Shanghai. This company is facing the current problems of policy reforms in the industry and the shrinkage of its original core business. This study utilizes qualitative and quantitative methods through a variety of theoretical approaches and analytical tools in conjunction with the company's first-hand data, with the goal of identifying the direction of transformation that is appropriate for this company and providing practical and effective solutions.

#### **3.2. Overview of study methods and tools**

The following methods and tools were used in this study to conduct a qualitative and quantitative analysis of ZY Company.

(1) Literature review method: this study reviewed a large amount of literature during the study period, referring to the study results of other authors on strategic management. At the same time, it also collects some data closely related to ZY Company, clarifies the characteristics of ZY Company in business transformation, and provides relevant support for the in-depth study of the development strategy of the company.

(2) Interview method: In this study, a total of three phases of multiple interviews were conducted with representatives of all levels of employees at ZY Company. They were the first phase interviews with the course consultants and leaders of the company's campuses in the fourth week of June, the second phase interviews with the general managers of each department in the second week of July, and the third phase interviews with the chairman of the company in the fourth week of July. Through the three phases of interviews, the current situation of the company was understood from all angles, and problems in the operation of the company were found to provide support for the formulation and implementation of strategies. The interview method first determines the interview subjects; secondly, the outline is formulated around the purpose, and the final outline is determined after discussion; again, the interview work is carried out by means of centralized interviews or in-depth interviews one by one, and finally, the results of the interviews are sorted out and analyzed. So as to record the current situation of the company, the problems encountered, the direction of development more comprehensively, from a different perspective to synthesize a variety of points of view to propose solutions.

(3) Comparative analysis method: Compare the operating data of ZY Company with those of the same industry in China to find out the advantages and deficiencies of ZY Company. Provide judgment basis for the formulation of strategic management strategies and business choices.

(4) Qualitative analysis methods: mainly used for external environment analysis, internal environment analysis and competition analysis.

(5) Questionnaire Survey Method: For different employee levels of ZY Company, such as grassroots, middle and top level, according to the current development of ZY Company, the necessity of business transformation, and the development prospect of existing business, the questionnaire survey method is used to invite the employees and business managers to participate in the questionnaire survey. By collecting information from their completed questionnaires, the direction and implementation of the company's strategic transformation is confirmed, and the business development is visualized through the establishment of VRIO model analysis.

For this study, questionnaires were distributed through on-site interviews and an online e-survey. The target respondents were internal employees of ZY Company, including junior employees, mid-level leaders, and senior leaders currently serving in various campuses and departments. A total of 80 questionnaires were distributed and 68 were collected with a response rate of 85 %. The questionnaire survey was conducted from June 20th to 30th.

## 4. Strategic Plan

### 4.1. Executive Summary

#### 4.1.1. Company Profile

ZY Company is a group company founded in Shanghai, which specializes in continuing education for adult higher education and vocational skills training. The study purpose of this study is to comprehensively analyze the company's external and internal environments, identify its own strengths, and make strategic choices based on them, and ultimately propose effective strategic implementation methods for ZY Company in the face of huge changes in industry policies. Through the third phase of interviews, the Chairman of ZY Company hopes that with the development and implementation of the new strategic plan, ZY Company will be able to achieve the following goals: keep the number of enrollments in the original degree in 2024 unchanged compared to 2023, and double the growth of new business from business transformation. Increase customer loyalty and satisfaction, and increase customer renewal referrals by 10%.

#### 4.1.2. Strategic business transformation methods

Based on the study perspective of business differentiation, business strategy transformation is categorized according to different factors as shown in Table 4.1.

*Table 4.1 Approaches to strategic business transformation*

<b>Categorization</b>	<b>Strategic transformation approaches</b>	<b>Definition</b>
According to the state in which the company is at the time of its strategic transformation	Advantage Transformation	When the company is at the peak of its business, it anticipates and grasps future opportunities and threats in advance, and undertakes proactive strategic transformation to scale new heights.
	Disadvantaged Transformation	When the company was in a difficult business situation, it embarked on a strategic transformation to revitalize the company and to re-cultivate its core competence.
According to the degree of change in the direction of	Follow the trend and make the transition	Companies implement value chain extensions and transfers to the same or related industries, such as through joint ventures and mergers to carry out related diversification activities.

business development and business areas	Industry Skipping Transformation	A fundamental change in the mission of the company and a regrouping of the resources needed to reshape management skills and product development techniques.
According to the pace of implementation of transformation operations	Comprehensive reconstructive	The company's entire management system structure and operation mechanism are simultaneously undergoing large-scale adjustments, aiming at a one-step approach.
	Focused Breakthrough	The company starts with a key aspect of the transformation, which in turn gradually leads to the strategic transformation of the entire company.
According to the hierarchical structure of corporate strategy	Strategic transformation at the company level	Changes and adjustments in the company's field of operation, business scope and organizational boundaries.
	Strategic transformation at the operational level	Changes and adjustments in the competitive instruments of the company.
	Strategic transformation at the functional level	Transformation of the strategic positioning of corporate functions such as research and development, marketing, production, finance and human resources.

*Source:Hu et al. (2017) (Adapted)*

According to the criteria for classifying the different dimensions of business transformation approaches in the above table, ZY Company belongs to the following categories respectively:

- (1) According to the state in which the company is at the time of its strategic transformation: disadvantaged transition;
- (2) According to the degree of change in the direction of business development and business areas: follow the trend and make the transition;
- (3) According to the pace of implementation of transformation operations: focused breakthrough;
- (4) According to the hierarchical structure of corporate strategy: strategic transformation at the company level.

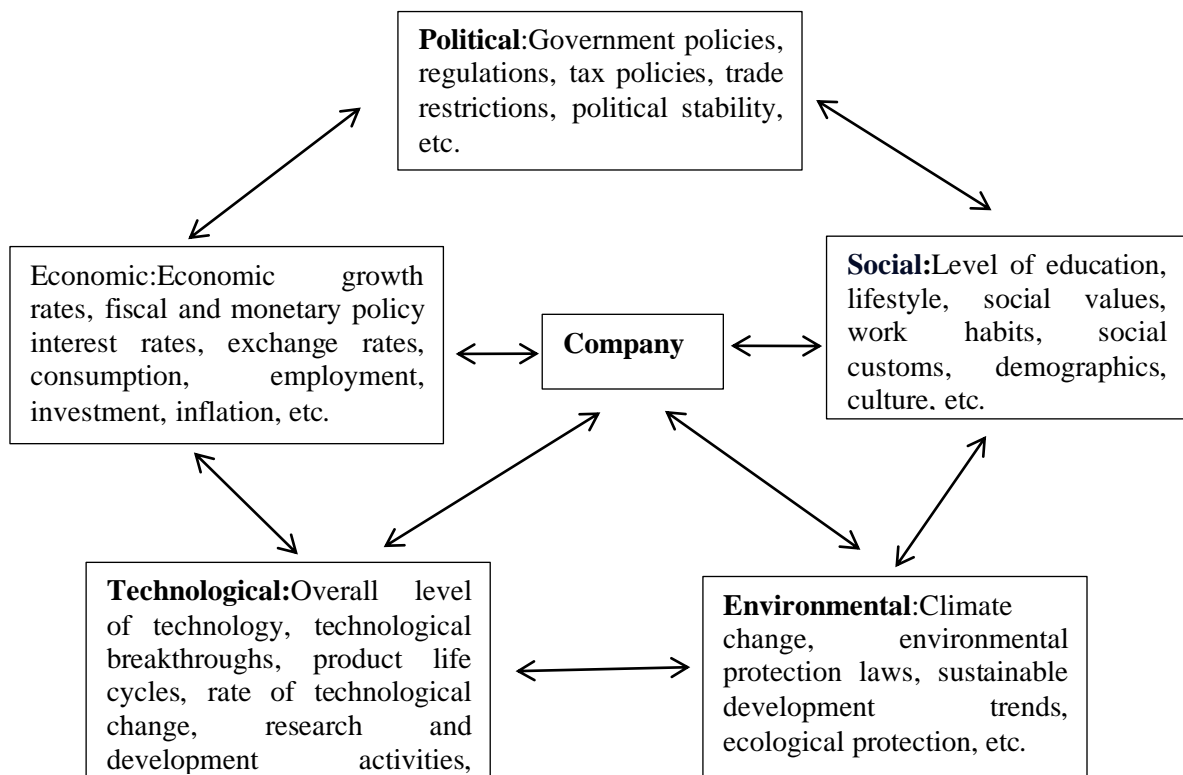
## 4.2. External Situational Analysis

### 4.2.1. PESTE Analysis

“PESTE” is a method to analyze the external macro-environment of a company from five aspects: political, economic, social, technological, and environmental. PESTE analysis is characterized by comprehensiveness, systematicity, predictability, strategy and flexibility. It is conducive to the utilization of opportunities for survival and development of companies, and enables them to detect and respond to possible threats to the environment at an early stage.

The influence of macro-environment on the survival and development of companies is indirect, but it is also the most uncontrollable environmental factor, so there are two main tasks in the analysis of the macro-environment of companies. One is to analyze and predict what changes will occur in the macro-environmental factors that have a significant relationship with the industry and the company; the other is to evaluate what impact these changes will bring to the industry and the company, in order to lay the foundation for the enterprise's strategic decision-making and provide a basis. The relationship between the macro-environment and companies is shown in Figure 4.1.

Figure 4.1 PESTE analytical diagrams



Source: Xu et al. (2015) (Adapted)

#### **4.2.1.1. Political and Legal Context**

The political environment is a set of political factors that includes the nature of the state, the nature of political parties, the social system, and also various policies, regulations, programs, directives, and so on.

From 2012 to 2022 is a decade of rapid development of adult continuing education in China in the new era. The Chinese government encourages vocational education and continuing education, calling for “services to run a good continuing education, accelerating the construction of a learning society and vigorously improving the quality of the nation”. Great support for major universities and companies to carry out related training business, for adult education and vocational skills training to provide full policy support. However, in the past two years, the government has increased its supervision of the education and training market, and introduced many new policies and regulations, limiting the enrollment scale of the adult continuing education industry, increasing the graduation requirements for students, and calling on all universities and adult continuing education and training institutions to “control the scale and emphasize the quality”. China's adult continuing education industry has entered the era of quality development from the era of quantity development, and these policies have had a significant impact on the development of the entire adult education and training industry.

#### **4.2.1.2. Economic Context**

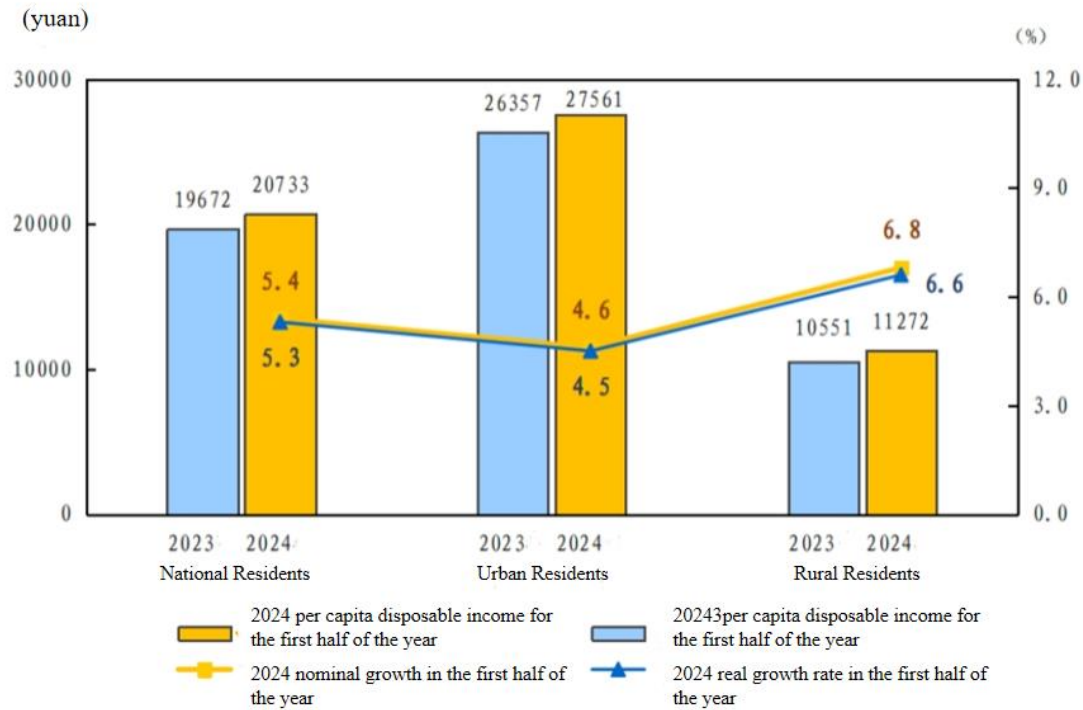
The economic environment has both major and minor aspects. The major aspects are called macro aspects, including the basic national conditions of the country, such as population size, land area, GDP, foreign exchange reserves, national income and growth and development expectations. Minor aspects are called micro aspects, which are mainly indicators of the economic situation of a region, such as the income status of the residents of a region, how much savings, consumption habits and customs. All of the above factors will directly the business situation of the company, it is necessary to take into account when making decisions.

As China's economy continues to grow, the consumption habits of Chinese nationals have undergone some changes. Education consumption has gradually become an important part of household expenditure, driving demand for the education and training market. In addition, with the rising employment pressure in the society, more people have higher requirements for the improvement of personal ability while their disposable income increases. More adults are beginning to invest in their own continuing education to continuously improve their social



competitiveness, which further drives the development of the adult education and training market. However, because of the large differences in income levels in different regions, families in super first-tier and first-tier cities invest more in education, while third- and fourth-tier cities are relatively lower, which affects the market layout of education and training companies.

Figure 4.2 Per capita disposable income and growth rate of national and selected urban and rural residents in the first half of 2024



Source: National Bureau of Statistics (2024)

### 4.2.1.3. Socio-Cultural Context

The socio-cultural environment refers to the folkways and customs of a place, the level of education of its inhabitants, aesthetic preferences, value identity and so on. The level of education will change a person's level of need; customs and habits will advocate some things and oppose some things; different values will change everyone's living and working habits, and also affect the concept of consumption; and aesthetic preferences will determine people's favorable or unfavorable attitude towards different things.

As a country of etiquette, China emphasizes the importance of education in all families, which together with its large population base provides a vast market space for education and training companies. As the economy continues to grow, the average qualification and years of

education of nationals continue to increase, which further influences the strengthening of social responsibility and promotes the optimization of social security, and other factors in various socio-cultural environments.

#### **4.2.1.4. Technological Context**

The technological environment should not only include the state of technology and its changes related to companies and industries, but should also have a grasp of the technology in related fields. China's rapid development of digital construction, intelligent, digital technology has penetrated into all areas of society. The popularization of the Internet and mobile devices has provided technical support for the development of adult online education, and the online education market has expanded rapidly. The application of artificial intelligence, big data and other technologies in education has improved the personalization and efficiency of education and training, and a large number of education technology companies have also emerged. Traditional education and training institutions have accelerated their digital transformation and continued to expand their business with the help of online platforms and tools, laying a solid foundation for the entire adult continuing education industry.

#### **4.2.1.5. Environmental Context**

Continuing education and training companies also need to consider environmental protection issues in their operations, such as environmentally friendly printing of teaching materials, energy saving and emission reduction. At a time when the world is focusing on sustainable development, various companies in education and training also need to pay attention to sustainable development, promote environmental protection concepts and practices, and enhance their corporate image and sense of social responsibility. The outbreak of COVID-19 pandemic has accelerated the transformation of education and training companies to online, and the demand for online education has increased dramatically, but at the same time, it has also brought challenges to the offline training business.

In summary, education and training companies in China are faced with a complex and changing external environment. Changes in government policies, economic growth and rising income levels, social and cultural emphasis on education, technological advances, and environmental protection requirements all have far-reaching impacts on the development of education and training companies. Companies need to respond flexibly to these factors, seize opportunities and avoid risks in order to achieve sustainable development.

#### **4.2.2. Sector Analysis**

For any company that wants to continue to develop in the industry, it is necessary to recognize the characteristics of the industry and rules of development, find the positioning of the company, and constantly cultivate its own development potential and increase its competitiveness in order to become the leader of the industry. Adult training industry is clearly different from the characteristics of other industries, summarized as follows:

(1) The customers of adult training have a clear learning purpose. For example, people in the workplace, people waiting for work, specific occupational groups and other kinds of adults, they are in order to achieve a certain purpose, before choosing to come to participate in adult education improvement or vocational skills training, their learning is basically a rigid demand.

(2) Adult training requires a high degree of flexibility. Learners attending adult training can only utilize their free time to complete the learning content and requirements because of various factors such as work and family. This makes them care a lot about the flexibility of the course arrangement, including the time and class format, and whether it can satisfy their existing situation, and it also becomes one of the key elements of whether they choose to accept that kind of adult training product.

(3) Adult training requires a high degree of occupational relevance and credibility. Learners participating in adult training require that the courses be practical, and the higher the degree of match between the course content and actual job requirements, the better. At the same time, they need the relevant certificates after learning to be recognized by the society and the industry, and to be able to get the corresponding certificates and qualifications.

(4) Adult training takes the brand reputation of the company very seriously. Customers in the adult training industry are adults who have their own small circle in the workplace and socialization process, which can create a one band market effect. Having successful training cases or feedback from good learners creates a very good market reputation, which is very important for companies in the adult training industry.

(5) Adult training is highly dependent on technical support. An established and successful adult training companies needs to have powerful and user-friendly online learning platform. If it can utilize the latest educational technologies (e.g. VR, AR, AI, etc.) to enhance learning, it will reap more customer support.

(6) Adult training requires a complete service system. Companies need to be able to provide customers with a full range of support services, from consulting on learning planning

before enrollment, to study counseling and career guidance after the course has begun, and even assistance in solving other related problems after the study is completed. The ultimate goal of the whole process is to improve customer satisfaction.

(7) Adult training is highly influenced by the policy environment. As an adult training companies in the industry must understand the relevant policies and regulations of the adult education and training industry. Keep an eye on the relevant policy provisions issued by the government to determine the development direction of the company.

The above analysis of the characteristics of the adult training industry can help adult education and training companies better understand the market demand. It can optimize the product settings and service system, enhance the competitiveness and development potential of the company in the market, and help the company to formulate effective development strategies and improvement plans.

#### **4.2.3. Competitor Analysis**

As the economic capital of China, Shanghai is characterized by rapid economic development and fierce competition in the industry. Therefore, there is a high demand for adult education and vocational skills training in the local workplace. In addition, the city of Shanghai is rich in educational resources, which further promotes the development of the adult training industry in Shanghai, and a large number of training organizations have emerged. With the continuous progress of science and Internet technology, and the constant changes of national policies, the competition in the adult education industry has become increasingly fierce. Three representatives of ZY Company's main competitors in the Shanghai market are selected for analysis. The following aspects are specifically analyzed:

Company A was founded in 1996 and is one of the first adult education organizations in Shanghai. The company started with vocational skills training, including foreign language, accounting, computer and other skills training, and then slowly shifted to adult education. Company A's main market is tutoring for adult self-study exams in Shanghai. In this way, there is no need to cooperate with colleges and universities to share profits, and whether students can graduate depends on whether they pass all the courses in their chosen specialty. As long as the teachers are qualified, choosing this way of studying adult education will save at least half of the time compared to other ways. Company A has specially trained a group of stable course teachers for this purpose, with more than 200 full-time and part-time teachers at

most, and tens of thousands of students every year, which once became the top three of the adult education institutions in Shanghai. However, with the rapid development of science and technology, a variety of online education platforms continue to emerge, people who choose to self-study education mode more inclined to online platforms, because not only the learning mode and time is more flexible, the most critical is that the cost is far lower than Company A. In addition, since 2018, the state has made further requirements for the adult self-study examination. It not only increases the difficulty of the examination, but also restricts the number of subjects that can be examined each year and extends the time for graduation, which makes all the advantages of the self-study examination disappear. The development of Company A has been seriously frustrated, and it is now almost in a state of closure.

Company B, founded in 2001, is a pilot unit for the construction of a modern distance education public service system approved by the Ministry of Education. It specializes in distance education and cooperates with a number of well-known universities in China, becoming the online platform developer for adult continuing education of these universities, providing academic and non-academic distance education courses. Its services cover adult academic education, vocational skills training, campus informatization and other fields. Company B has a nationwide network of more than 1,900 learning centers and hundreds of thousands of students each year. However, with the Ministry of Education's requirement of controlling the scale of each university's college of continuing education, many universities have no longer chosen to cooperate with Company B. Moreover, with the accelerating development of society and increasing competition in various industries, the distance learning adult qualifications provided by Company B are not highly recognized in some fields, and the online experience of skills training is not well received by students. All of these have led to a continuous shrinkage of Company B's business scale and profit margins.

Company C was founded in 2016, although it has not been established for a long time but has developed very quickly, the company provides "enrollment consulting services" and "course management", is a comprehensive adult education service platform. The company's business covers four modes of adult education, namely online education, open education, self-study exam and adult college entrance examination. The company has both direct cooperation with universities, but also with other platforms indirectly as a channel for enrollment and instruction. This has allowed the company to not only increase the coverage of its products, but also reduce the company's costs. However, because it was not established for a long time, the internal development of the company is not standardized, the quality of the staff is uneven,

and the over-promise to the students leads to a low credibility of the company and a general reputation in the industry.

*Table 4.2 Competitor analysis*

Company Name	Company Nature	Positioning	Major Costs	Innovation Points	Status of Existence
Company A	Private business	Self-study exams; training of skills	No share of partner universities, only their own operating costs	Profit Exclusive	Virtual closure
Company B	Public Service System	Distance education,; informatization platform	The partner university has no share, and in addition pays Company B for the use of the platform, only its own operating costs	Holding a basic monopoly	Massive downsizing
Company C	Private business	All forms of adult education	Cooperative universities and cooperative platforms all need to share, in addition to their own operating costs	Multi-faceted cooperation	Rapid growth

*Source: the author, 2024*

#### **4.2.4. Porter's Five Forces Analysis**

Porter's Five Forces Model is a commonly used industry analysis tool to assess the competitive intensity and market attractiveness of the industry in which a company operates. For ZY Company, the following five aspects can be analyzed:

1. Competition from existing competitors. At present, for ZY Company's core business of adult education, the market has both direct enrollment in various universities, several large-scale counterparts, or numerous small-scale training institutions, the industry has more competitors. However, the academic products themselves are seriously homogenized, so to stand out, increase marketing efforts at the same time to provide differentiated services and ultimately form a brand impact, is the key to competition. ZY Company has been in the education and training industry for nearly two decades, not only does it have a full range of its own products, but it also has a high quality of whole-process service, and has developed a very good reputation in the industry, so it has a clear advantage over its existing competitors.

2. Threat of potential entrants. In the current field of adult education and training, because of the continuous new policies, the growth potential and profit level of the market has been declining, and the existing companies in the industry already have brand and scale advantages. This greatly reduces the competitiveness of new entrants.

3. Threat of substitutes. In adult education and training, whether it is vocational skills training or academic education, there are many specific products to be selected. However,

because all training is a process that takes time to complete, the first consideration of the customer is whether the educational institution providing the training is credible or not. The choice of the specific product will be made after selecting the participating training institution and then selecting the specific training product with the same function. So the threat of substitutes is still essentially a threat between competitors.

4. Bargaining power of suppliers. Skills training in adult education and training is generally provided by the educational institutions themselves, while the main suppliers of academic education are universities. For academic education, the teachers, teaching platforms and teaching materials are all directly designated by the universities or formulated specific requirements and standards, which must be implemented according to the requirements. This directly leads to strong bargaining power of suppliers.

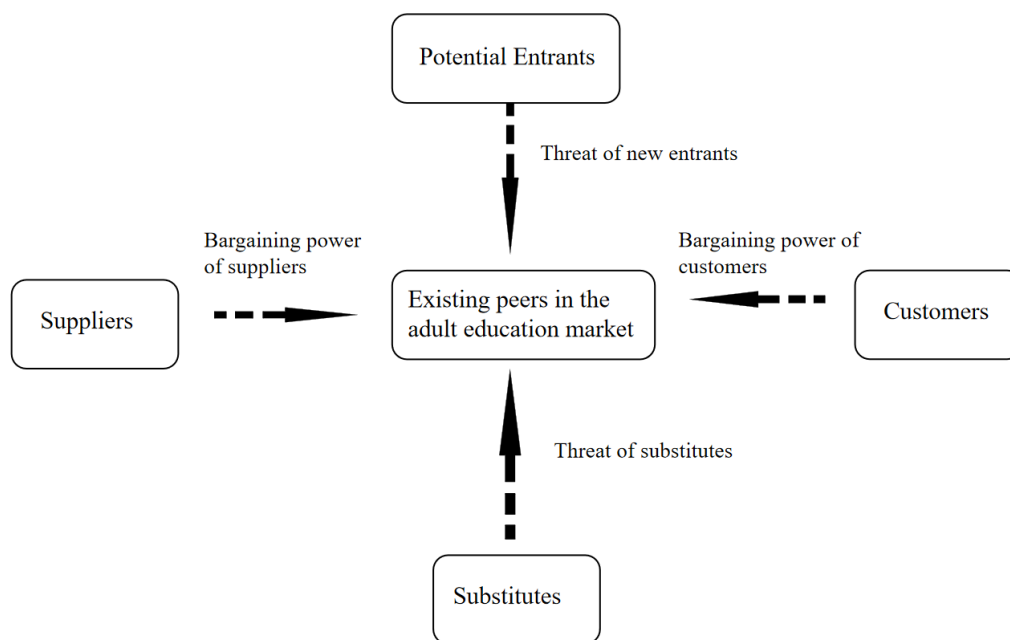
5. Bargaining power of customers. Adult education and training is mainly divided into two parts, academic education and vocational skills training. The bargaining power of customers is mainly reflected in the diversified needs, the number of customer groups, conversion costs and so on. For academic education, because the price of this part is uniformly set by the universities and reported to the relevant government departments for approval and publicity, with uniformity and fixity, customers have no bargaining space. However, for vocational skills training in adult education and training, this price is set by the training institution itself according to the content of the services provided, with reference to market standards, and has a high degree of flexibility. Customers may have some bargaining power due to the number of groups or switching costs. However, if the education and training provider has good teachers and brand name, the customer still does not have much bargaining power. So in general the bargaining power of the customer is weak.

In summary, through the analysis of the Porter's Five Forces model, the following conclusions can be drawn: there are many competitors in the adult education and training market, especially in big cities, and the competition is extremely fierce. Companies need to continuously innovate and improve service quality to remain competitive. Because the market growth potential of the existing education and training industry is small, although the industry entry barriers are not high, new entrants will quickly fall into operational difficulties due to the lack of brand advantages and high operating costs. In addition, government policies and university requirements can be fatal to new entrants. For customers, when faced with multiple choices, they will definitely weigh the value for money, and in the existing more mature adult education market, the threat of alternatives from niche choices is low. Universities are the ones who have a definite advantage as providers of adult education, which gives them a

strong bargaining power. Yet, companies can also appropriately reduce their risks by cooperating and training internal teachers. In the education and training industry, customers are highly recognized by companies that have formed a brand and are not sensitive to price. Therefore, education and training companies must continue to improve the quality of service and customer satisfaction, so as to increase the brand effect of the company and customer loyalty, and thus increase the competitiveness of the market.

Overall, adult education and training companies need to continuously improve course quality and service level, innovate teaching methods and optimize customer experience in order to occupy a favorable position in the market in the midst of fierce market competition.

*Figure 4.3 The Five Forces Model faced by ZY Company*



*Source: Michael Porter, 1979, (Adapted)*



#### 4.2.5. Consumer Analysis

By compiling the results of the first phase of the interviews, the existing customers of ZY Company are analyzed and categorized according to the following different dimensions:

1. Classification of customer learning purposes. Depending on the different learning purposes of customers, the following categorizations can be made.

*Table 4.3 Classification of customer learning purposes*

Purpose Classification	Purpose	Product Features
Skills Requirements	Specific skills or knowledge desired, e.g., management skills, technical skills, language skills, etc.	Choose short-term specialized skills training products, focusing on the high quality of the product teaching content, such as: accounting certification training, English training;
Eligibility Requirements	Need specific skills or credentials in order to get other certificates	Choosing education products for specific specialties focuses on the product specialties that meet the requirements, e.g., architecture, medicine, etc;
Other requirements	Simply need to improve academic level in order to get a promotion, raise salary, study abroad or enjoy special local policy privileges	Choose simple educational products that focus on the ease of the process and certificates that can be recognized by the state and relevant authorities, e.g., a college or bachelor's degree in online education;

*Source:the author ,2024*

2. Classification of customers by age. Clients of different ages are at different stages of their lives and differ in various aspects from work experience and life planning. They can be categorized according to their age as follows:

*Table 4.4 Classification of customer age*

Age classification	Characteristics of the group	Product Features
18-25 years of age	Just entered the society, need to improve personal practical skills or academic level, more time and energy, but the consumption level is low.	Choose more practical skills training and less expensive educational products such as: practical accounting, self-study, adult education and other educational products;
26-50years of age	Have some work experience, or even have started a family and need to increase their competitiveness to improve their qualifications, or due to the policy need to prepare the necessary qualifications for their children.	Choose products that take less time and effort, and higher prices are acceptable, e.g., title review, online learning of various educational products;
Above 50 years of age	Retirement edge, just to enrich their spare time, time and energy are more, but the learning difficulty can not be too high	Choose products that have a certain degree of fun to communicate with classmates and teachers, such as: photography, social work and other majors in amateur universities.

*Source:the author ,2024*

3. Classification of customer personality types. According to the different personalities of different customers, the following classifications can be made:

*Table 4.5 Classification of customer personality types*

Personality Type	Characteristics of the group	Contact Mode
Benefit type	An egoist puts personal interests first in everything. What is detrimental to personal interests will be avoided and what is helpful will be fought for.	Simply giving the customer a more satisfactory benefit can turn into a long-lasting relationship
Enthusiastic type	More concerned about being recognized for their personal value, very confident in their abilities, and enjoy the praise they receive after helping others.	Need to give enough respect, make the customer feel needed, utilize the customer's strengths, and they will be able to get along for a long time
Friendship type	More importantly, if they are treated sincerely and equally, as long as they feel that they are treated sincerely as friends, they will treat the other person as their own friend and help them as much as they can.	Complete trust in each other, a strong and long-lasting relationship as a mentor and a friend.

*Source:the author ,2024*

4. Classification of customer loyalty. Depending on the customer's loyalty to the company, the following classifications can be made:

*Table 4.6 Classification of customer loyalty*

Loyalty Level	Causes and Symptoms	Renewal Recommendations
Low	Maybe they are dissatisfied with the content, methodology, or teaching service, and are only interested in accomplishing what they are learning at the moment, not caring about any other people or things not beneficial to them.	Not renewing any courses or making any recommendations
Middle	Maybe the teaching content, method or service does not fully meet their satisfaction level, and they are willing to give some help to others in the learning process.	Might still renew or refer other friends

*Source:the author ,2024*

By analyzing customers comprehensively in all the above dimensions, ZY Company can draw a typical customer portrait. It better understands the characteristics and needs of different customer groups, provides differentiated courses and services based on the customer portrait, and enhances customer satisfaction and loyalty, thus gaining a greater competitive advantage in the market.

### **4.3. Internal Situational Analysis**

#### **4.3.1. Characterization of the company**

After twenty years of development, ZY Company has established a good brand reputation and market influence in Shanghai and even in other provinces, with a stable group of students and a good reputation. The company has accumulated a wealth of experience in the adult education and training industry and has trained a number of excellent staff in the field. The company has a good corporate culture, which makes the staff from top to bottom very clear about the company's goals, to achieve a kind of internal collaboration and external competition in the work realm.

ZY Company focuses on personalized service for students, and is able to provide customized learning programs and tutoring according to students' different backgrounds and needs. At the same time, the company has a perfect service system, including pre-study counseling, support and tracking during the learning process, as well as post-study career planning and development guidance, forming a complete service closed loop. However, in recent years, with the changes in various policies and the impact of the overall economic downturn, the competition in the adult education and training market is very fierce. In addition, the changes in the company's internal programs have led to increasing cost pressures on the company's management and operations. The combined impact of all factors has had a strong impact on ZY Company.

#### **4.3.2. Mission, Vision and Values**

**Mission: Seek talents for the society, Seek development for the enterprise**

In the current era, companies need diversified and excellent talents to seek sustainable development in the future, while talents need to enhance their core competitiveness to meet the needs of social development. Learning is a powerful tool to improve the capabilities of talents and enterprises, helping all parties to hold on to the waves of the times. As a vocational education group, ZY Company's first consideration is to recharge individuals and cultivate more composite talents to empower companies and make talents a perpetual motion machine for corporate development.

**Vision: Become an influential education technology company**

ZY Company focuses on the company's wide reputation and goodwill, but aspires to be an education company that is respected by customers, partners and society. ZY Company strives and promotes some positive changes in the industry, while using Internet technology means to empower traditional education.

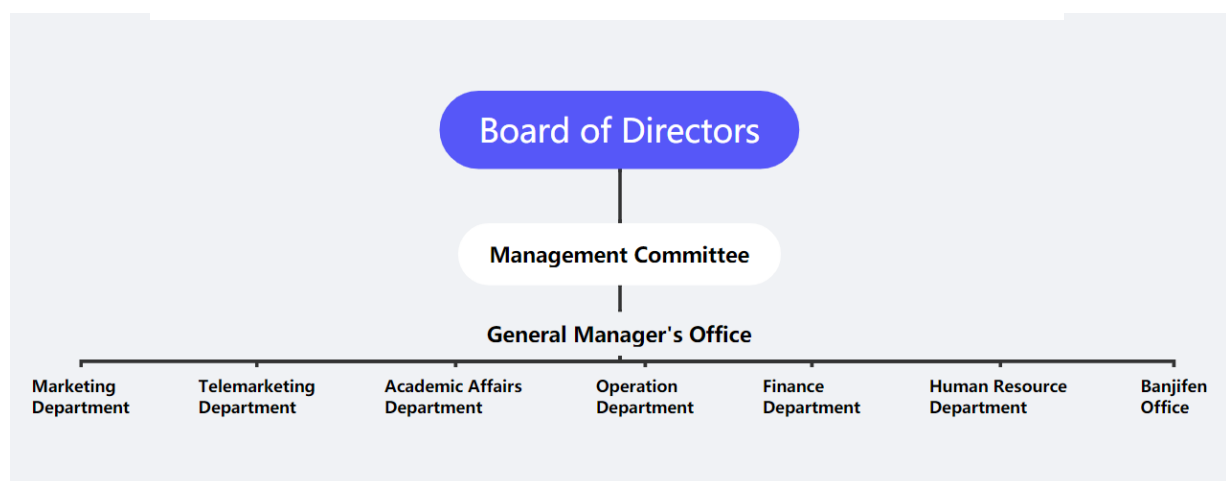
Values: **Knowledge changes life , Education creates value**

The essential process of education is to impart knowledge and skills to help more people to change their destiny. Create a better life and meet a better self. Education is not only a meaningful thing, but also can create unlimited possible value, which is what society needs most.

### 4.3.3. ZY Company Structure

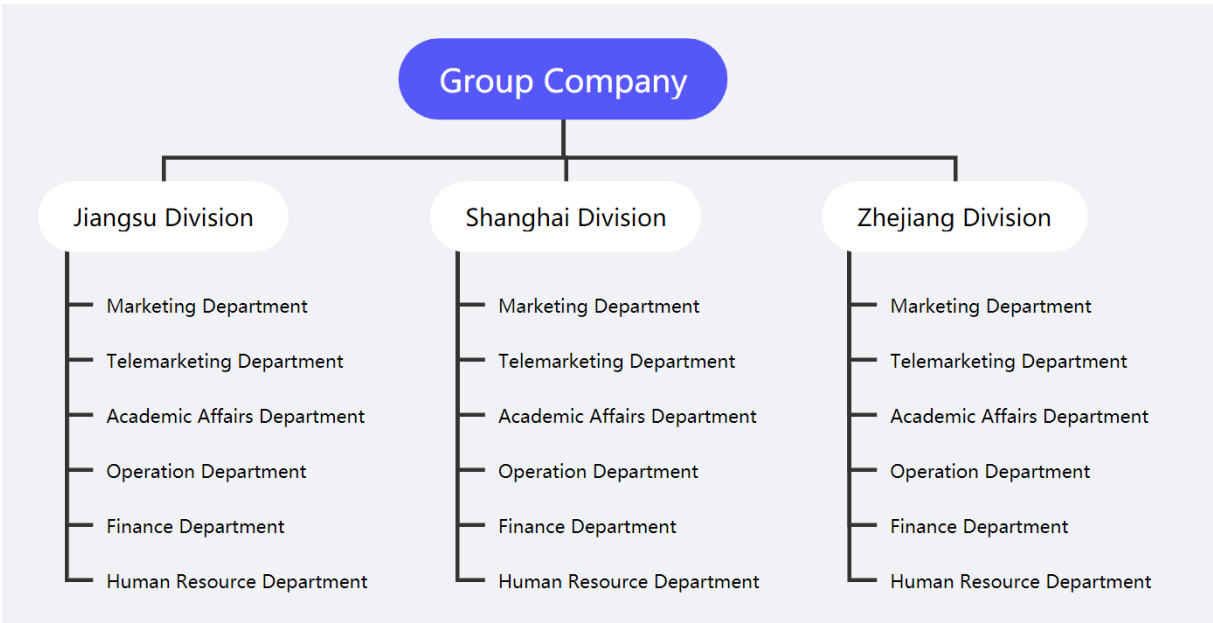
Synthesizing the results of the phase 1 and phase 2 interviews, it was concluded that there are three different organizational structures in ZY Company. A functional structure at the group level, a divisional structure between departments, and a team structure practiced by each operating department.

*Figure 4.4 Organizational structure of the Group - Functional*



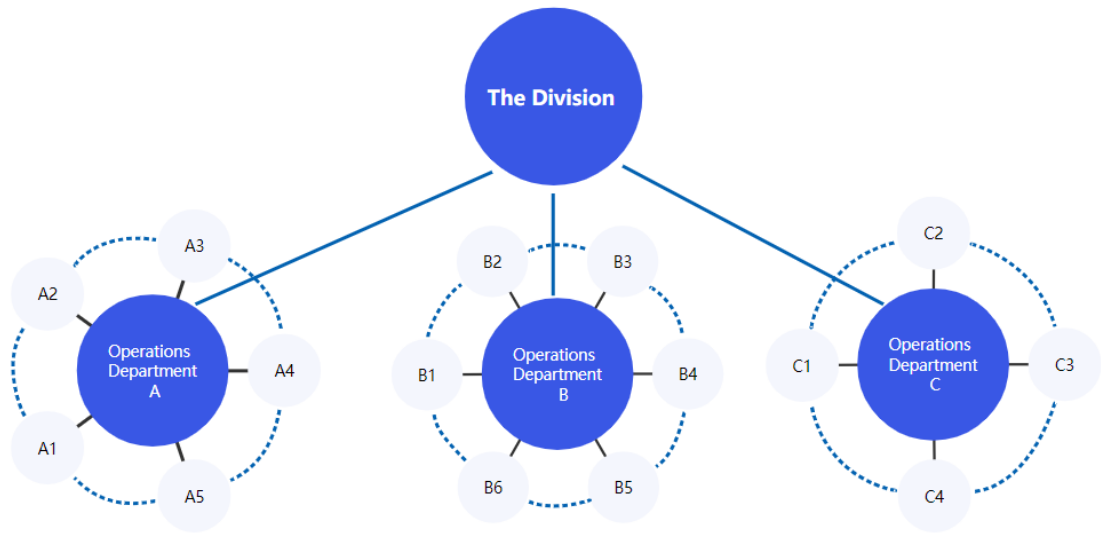
*Source: the author ,2024*

Figure 4.5 Organizational structure of the division - Divisional



Source:the author ,2024

Figure 4.6 Organizational structure of the Operations Department-Teams



Source:the author ,2024

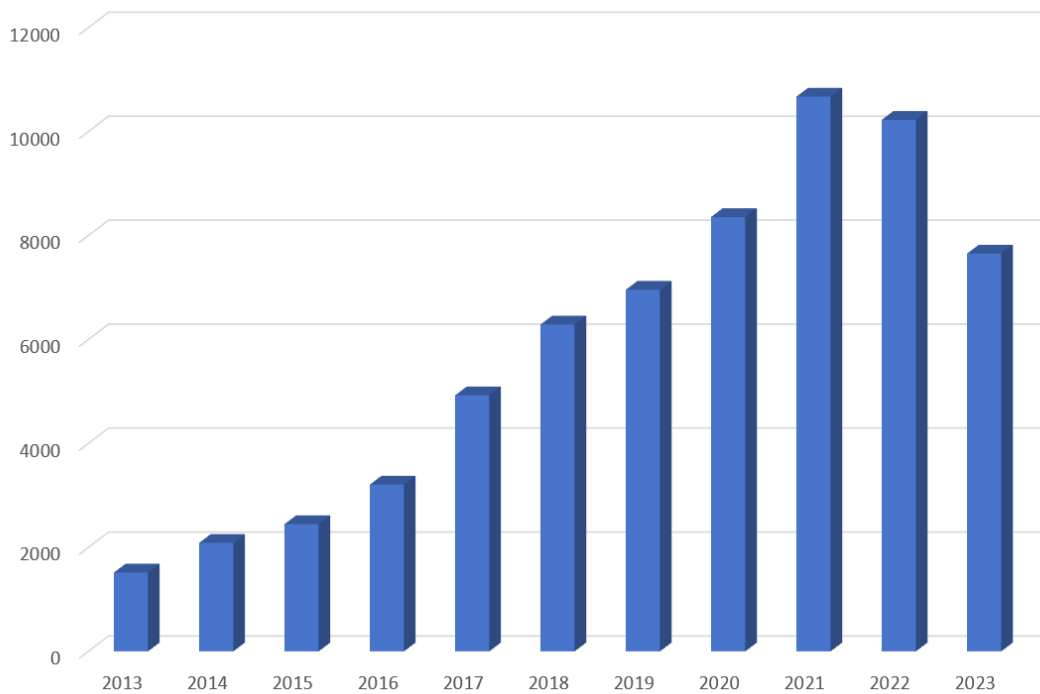
#### **4.3.4. Development status of ZY Company**

ZY Company is a vocational education group specializing in education technology services. The company has been engaged in vocational skills training for adults since its establishment, and since 2013, the company has been cooperating with many famous universities in China, and its core business has gradually turned into adult education, whose main forms are online education, adult college entrance examination, open education and self-study examination.

ZY Company's customer ratio for different forms of education is 6 for online education versus 2 for adult college entrance examination versus 1 for open education versus 1 for self-study examination. ZY Company's customer sources are categorized into front-end market paid acquisition and back-end teacher renewal referrals, and the ratio of front and back-end reaches 3:7 in the best period. The number of enrollments per year has been rising since 2013, and the company has a good reputation and the industry is in the forefront. Unfortunately, with the various policies that have been continuously introduced by the state in the past two years, the form of network education was directly canceled in 2022, and the enrollment scale of major universities has been continuously compressed, and the teaching requirements have been continuously improved.

From Figure 4.7 it can be seen that these changes have caused ZY Company's enrollment to decline year by year. Until June 2024, the form of education for ZY Company's customers became adult college entrance examination<sup>7</sup> to open education<sup>3</sup>, and the weighting of the front and back end of the student body composition has been close to 5:5. This means that the company has been suffering from decreasing enrollment in a shrinking form of education, but it still needs to bear the high marketing fee of the front side, which puts a great deal of financial pressure on the company.

*Figure 4.7 2013-2023 ZY Company's Educational Enrollment Rates*



*Source:ZY Company, 2024*

#### **4.3.5. Analysis of ZY Company's Core Competitive Capabilities**

The ability of a company to gain a long-term foothold in the market is based on its core competencies, and the ability to consistently exert its competitive advantages is what ensures its market position. Using the VRIO model, ZY Company's capabilities are analyzed and evaluated in terms of the four criteria of value, scarcity, inimitability and organization, with a "√" for those that conform to it and an "x" for those that don't, to determine the strength of ZY Company's resources or capabilities. The final analysis is to determine the company's core competitive resources and capabilities. Details are shown in Table 4.7.

Table 4.7 Analysis of Internal Resources and Capabilities of ZY Company

Capability	Valuable	Rare	Inimitable	Organized	Result
Teaching service guarantee ability	✓	✓	✓	✓	Sustainable competitive advantage
Operation management	✓	✓	✓	✓	Sustainable competitive advantage
Resource integration	✓	✓	✓	✓	Sustainable competitive advantage
Branding ability	✓	✓	✓	✓	Sustainable competitive advantage
Product innovation ability	✓	✓	×		Temporary competitive advantage
Enrollment promotion	✓	×			Competitive equality
Teaching material supply capacity	✓	×			Competitive equality

Source: the author, 2024

1. Teaching service guarantee ability: sustainable competitive advantage. ZY Company's biggest after-sales service feature is the "three studies" service, the "teaching-assisting learning- supervising learning" trinity of "housekeeping" service characteristics throughout all the products of the company. This is the experience of ZY Company for more than 20 years of education and service to students. A complete set of perfect management system is the greatest value of the service, but also other small institutions in the same industry in the short term is difficult to surpass and copy the ability. The emotional adhesion between teachers and students is irreplaceable by any other competitors, and the "three studies" service is the most attractive ability.

2. Operation management capability: sustainable competitive advantage. Analyzing from the perspective of ZY Company's structure, the company's operation consists of three business divisions, each of which is divided into departments according to their functions, and each of which operates many products and project portfolios in the form of teams. This not only facilitates the construction and management of ZY Company's many branches in and out of the province, but also effectively increases the company's ability to withstand risks. It is difficult to imitate and irreplaceable by other competitors, fully utilizing the company's operation and management capabilities and giving full play to its resource advantages.

3. Resource integration capability: sustainable competitive advantage. Through 20 years of development, ZY Company's most valuable resource is its huge stock of students. The management of the company utilizes its rich industry experience to continuously introduce new programs that are beneficial to students, which not only increases the company's revenue



and creates new value, but also makes the students stick to the company and become more loyal to it.

4. Branding ability: sustainable competitive advantage. ZY Company has always emphasized professional competence and service level, and has a dominant brand effect that is difficult to be surpassed by other competitors. In the past 20 years, basically thanks to the publicity of reputation from various sectors of the community, parents and students, the brand effect is good. For other competitors to achieve such a scale of brand effect, it is necessary to pay a lot of investment costs and high imitation costs.

5. Product innovation ability: temporary competitive advantage. The leadership of ZY Company has keen market insights, coupled with the company's own high-quality operational capabilities and execution, constantly develops new products that are imitated by other competitors after operating for a period of time. With the continuous emergence of competitors in the market, the price and profit margins of the products are constantly compressed, and then they can only become a short-term competitive advantage.

6. Enrollment promotion capacity: competitive equality. The information age, the rapid increase in the speed of communication, any new enrollment promotion methods as long as the effect, imitation and substitution occur at any time, does not have scarcity. Currently common marketing modes such as search engine advertising, streaming media, social platforms, live broadcasts, etc., the market competitors marketing means are similar, so basically the same competitiveness.

7. Teaching material supply capacity: competitive parity. The supply of materials and logistics is a powerful weapon given to the market teachers who fight at the front side. ZY Company's materials and logistics provide materials logistics and comprehensive protection for all business divisions, operating departments and campuses. The materials supplied by logistics do not have high technological content and core advantages, and are easier to be imitated and copied by competitors, and are highly replaceable.

In summary, by analyzing and evaluating the capabilities of ZY Company through the measurement of the four dimensions in the VRIO model above, it has been identified that teaching service guarantee capability, operation management capability, resource integration capability and branding capability are the core capabilities of the company. It is of great significance to the next step of how the company formulates its competitive strategy to maximize the above four core advantages.

#### **4.4. SWOT Analysis**

##### **Strenghts**

1. Abundant experience: Twenty years of experience has enabled the company to accumulate a wealth of experience in education and training, enabling the company to deeply understand the needs of students and provide high-quality services.
2. Professional team: Long time accumulation makes the company have an excellent and experienced team of employees.
3. Good brand reputation: After years of development, the company has established a good brand image and reputation in the market, and has a stable group of students.
4. High-quality cooperation resources: The cooperation resources are diverse, covering various famous universities and common colleges, with more optional specialties and training contents, which can meet the needs of different students.
5. Perfect service system: from pre-academic counseling, learning process support to post-academic career planning, forming a complete service closed loop.
6. Excellent learning environment: With modern teaching facilities and comfortable learning environment, we provide students with a good learning experience.

##### **Weaknesses**

1. Fierce competition in the market: In the face of the continuous tightening of national policies, the market competition special pressure is increasing.
2. Lack of internal qualified teachers: There has been an over-reliance on teacher resources provided by partner universities, and the failure to train or cooperate with good teachers directly belonging to them may affect the process and quality of education.
3. High operating costs: Developing in a super first-tier city like Shanghai, the cost of space and labor is high, which affects the profitability of the company.
4. Too passive: It has been focusing on adult education as its core business, which is greatly influenced by national policies and cooperating universities, and has no initiative.
5. Reduced customer satisfaction: Due to the continuous tightening of national policies, it has become increasingly difficult for customers of adult education to graduate, which in turn has led to a continuous decline in customer satisfaction.

## **Opportunities**

1. Increasing market demand: With the increasing competitiveness of the society and the increasing requirements of companies on the academic level and vocational skills of their employees, the market demand for adult education is growing. Shanghai, as a super first-tier city, has a large non-local population, and due to local policy requirements, the educational level of parents directly affects whether their children can enjoy education in the local area.
2. Online education: The development of online education provides new development channels and markets for companies.
3. Cooperation between universities and companies: Customized training programs and education delivery services are carried out in cooperation with companies to meet the needs of employees' career development in the companies.
4. International expansion: In the context of globalization, as the domestic market for adult qualifications continues to tighten, the advantages of the international market are more obvious, and companies can join forces with foreign universities to provide transnational education and training services.

## **Threats**

1. Policy changes: The education and training industry is highly influenced by government policies, and policy changes may bring uncertainty.
2. Economic risk: Uncertainty in the economic environment may affect customers' ability to pay and demand for training.
3. Technological change: Rapid advances in education technology may expose companies to pressure to update and innovate their technology.
4. Market saturation: Adult education market competition is fierce, major universities continue to reduce enrollment targets, the market is gradually saturated, resulting in limited space for the development of the company.
5. Increased customer expectations: As customers demand higher quality of service, companies have to face the pressure of teaching in universities as well as to continuously improve their service level to customers in order to meet customer expectations.

The SWOT analysis shows that ZY Company has obvious advantages in terms of abundant experience, high-quality teachers and good brand reputation, but it also faces challenges such as market competition, lack of curriculum innovation and lagging technology update. The company can continuously improve its competitiveness by seizing the opportunities of market

demand growth, policy support and online education development to cope with the changes and challenges of the market environment. Based on the above analysis, the SWOT matrix of ZY Company is analyzed as shown in Table 4.8.

*Table 4.8 SWOT Matrix of ZY Company*

Internal Environment  External Environment	Strengths	Weaknesses
	S1.Extensive experience S2.Professional team S3.Favorable brand reputation S4.High-quality collaborative resources S5.Comprehensive service system S6.Favorable learning environment	W1.Fierce market competition W2.Lack of internal teachers W3.High operational costs W4.Too passive W5.Decrease in customer satisfaction
Opportunities	SO	WO
O1.Growing market demand O2.Online Education O3.University-Enterprise Cooperation O4.International Expansion	1.Fully utilize the company's own strengths and increase the number of customers by using online education; 2.Getting involved in business-related industries, promoting more university-enterprise and other forms of cooperation, and seeking new profit growth points; 3.Leveraging the company's own strengths to enter the international market.	1.Identify the just-in-time customers in the market and expand the blue ocean market; 2.Utilizing online education platforms to develop more online courses and increase the number of students in the same course reduces the need for teachers and offline classrooms while reducing costs; 3.Self-development of other courses suitable for companies; 4.Expand international cooperation universities, improve service quality and enhance customer satisfaction;
Threats	ST	WT
T1.Policy changes T2.Economic risk T3.Technological changes T4.Market saturation T5.Increased customer expectations	1.Timely follow up on changes in government policies to capitalize on strengths and adjust business layout; 2.Strengthen the brand advantage, learn from the excellent related industry enterprises, increase the opportunity to communicate with customers, and improve its competitive advantage.	1.Strengthening corporate governance to reduce costs and expenses; 2.Until the policy is implemented, a conservative strategy is adopted to reduce the relevant inputs and minimize risks; 3.Abandon some products which are difficult or have low customer satisfaction.

*Source:the author ,2024*

## **4.5. Design of strategic transformation**

### **4.5.1. The idea of strategic transformation of ZY Company**

Facing the current complex internal and external environment, it is of great practical significance for ZY Company to carry out strategic transformation for the company to reshape its core competitiveness, sustainable development as well as reconstruct its dominant position in the industry. Based on these, the general idea of ZY Company's strategic transformation is to firmly implement the important instructions and documents made by the Ministry of Education and the Education Commission of the city on the field of continuing education, and to rapidly adjust and anchor the company's new development direction with the local market as the core by utilizing its current advantageous foundation in the field of continuing education. Focusing on the future direction of market demand, the company develops products and services oriented to satisfy customer needs more quickly and efficiently.

In addition, ZY Company has made a systematic thinking on the expected transformation ideas: to satisfy the market-oriented demand as the core development direction, to continue to plough into the field of adult continuing education, to continue to carry out the training of title skills, to focus on the development of the city's characteristics of the Shanghai residence permit integral and settlement business, while the international education gradually as the transformation of the long-term plan. Through optimization and transformation in core products, management upgrading, customer expansion, marketing promotion and digital construction, ZY Company will improve its current operation status and eventually build up a new core competitiveness.

### **4.5.2. Principles of ZY Company's Strategic Transformation**

ZY Company should follow the following three principles in the process of designing a strategy optimization plan for strategic transformation.

1. Scientific analysis and comprehensive planning. Although ZY Company is facing severe business challenges at this stage, the company still needs to uphold the principle of scientific analysis when designing its strategic transformation strategy. With the help of mature analytical models and methods in the field of management science, ZY Company should conduct a comprehensive analysis of its internal and external environments, and then design different transformation strategies for different businesses of the company.

2. Based on reality, step by step. In the process of strategic transformation, ZY Company should focus on analyzing its own strengths and weaknesses, and design and implement the strategic transformation program step by step according to the actual situation of the internal and external environment. Specifically, based on a comprehensive analysis of the internal and external environments and its own situation, ZY Company can divide into specific transformation phases, and define the tasks and objectives within each phase. At the same time, ZY Company can also set the sequence of transformation according to the importance of the transformed business. Finally, both the management team and the frontline employees should keep a calm and good mindset to face the uncertainties that may occur in the process of strategic transformation of ZY Company, and accomplish the overall goal of strategic transformation in step-by-step working practice.

3. Risk reduction and economic feasibility. Throughout the strategic transition process, the company will be more vulnerable than ever, as it will face the loss of its core competencies and the incomplete establishment of new strengths. Therefore, ZY Company should focus on risk management in the whole process, keeping an eye on the development of new business in each direction of transformation and adjusting deviations in a timely manner, including business content, working methods, target customers and marketing channels. In addition, ZY Company should also uphold the principle of economy and carry out the strategic transformation within its affordable economic range.

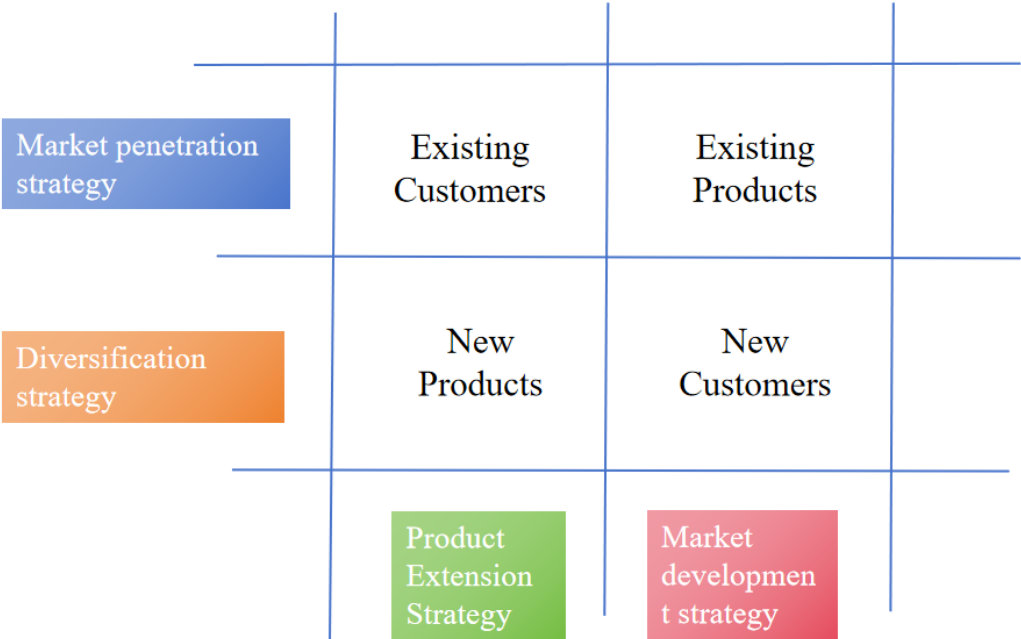
#### **4.5.3. The layout and objectives of ZY Company's strategic transformation**

Combined with the current business scope and transformation direction of the company, ZY Company plans to formally carry out the strategic transformation from January 2024, attempting to complete the strategic transformation of the entire company within three years. The entire strategic transformation period is divided into three phases, with the first phase of the transformation taking place from January 2024 to December 2024, to explore the feasibility of upgrading and transforming the demonstrated company, and to identify the business development direction of the transformation based on the existing business, and to ultimately put forward a specific implementation plan and complete the supporting reform measures. The second phase of transformation will be from January 2025 to December 2025, with the full implementation of all aspects of the strategic transformation of the company in accordance with the business layout of the first phase, and continuous adjustment and optimization in the course of specific implementation, with a view to continuously increasing

the market share and market growth rate of the company's products. The third phase of the transformation will run from January 2026 to December 2026, with all implementation elements of the transformation normalized. The company maintains its position at the forefront of the industry, and with successful upgrading and transformation, the company will reach a new milestone.

Through PESTE analysis, SWOT analysis and VRIO model, ZY Company conducted a detailed analysis of the internal and external environment, and summarized and analyzed both the company's own strengths and weaknesses and core competitiveness, and sorted out the direction of the strategic transformation of ZY Company as shown in Figure 4.8.

Figure 4.8 Strategic direction for the transformation of the ZY Company



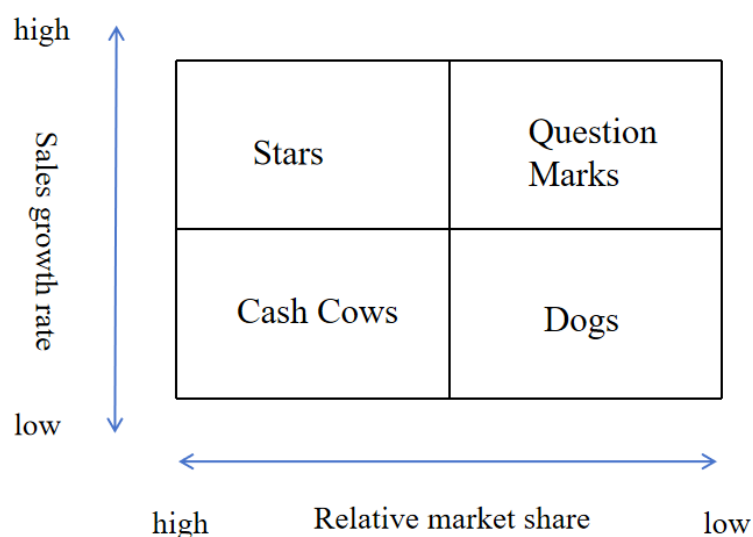
Source:the author ,2024

ZY Company needs to continuously optimize its service level, promote its existing products through its existing customers base and adopt market penetration strategies to further expand its market share. At the same time, ZY Company should take advantage of its own strengths and the characteristics of Shanghai, a super first-tier city, to adopt diversification, product extension and market development strategies to develop new products and expand new customers that are suitable for the company's characteristics and the city's development.

Based on the above analysis of ZY Company and the current development of the Shanghai market, the four business products most suitable for the development of ZY

Company have been compiled, which are vocational skills training, adult education, residence permit integral and settlement business, and international postgraduate education. The BCG Matrix model is used here to evaluate and analyze the market share and growth rate of these four business products, so as to further identify the value of the products and propose corresponding marketing strategies.

*Figure 4.9 BCG Matrix*



The horizontal axis of the matrix represents the relative market share, which is the proportion of the sales of the product in ZY Company to the total sales of the top three other competitors of the product in the Shanghai market at present. The vertical axis of the matrix represents the expected growth rate of the product's sales in ZY Company with reference to the market development prospect. With reference to the above two dimensions, the four businesses are specifically analyzed in terms of their development prospects, the current state of the industry, the development of this business in the company, and the characteristics of the products.

### **Vocational skills training**

Development prospects: China's vocational training market is showing a trend of diversification and personalization. Overall, there are two main needs for consumers when choosing the type of training, one is for obtaining industry-specific title certificates, and the other is the enhancement of a certain professional skill. As the former, it is directly related to national policies and industry assessment standards at different times, and there are a lot of uncertainties. Changes in certain policies or assessment standards may be a fatal blow to a teaching and training organization. As the latter, with the continuous development of the



Internet and social platforms, more and more people are choosing free resources online or individuals communicating with each other to learn. This will all lead to a dwindling number of customers choosing training providers and a shrinking overall market for paying for vocational skills training.

The current situation of the industry: Due to changes in national policy, many of the original popular title skills training has been completely canceled. Such as the accounting class of the induction qualification, construction class of the construction worker, safety officer and so on. At the same time, with the rapid development of the Internet and mobile devices, a variety of computer software, voice learning resources are endless, and even many of them are provided free of charge, which also makes many educational institutions engaged in vocational skills training lost a large number of customers.

Situation of this business of ZY Company: As described above in terms of development prospects and the current situation of the industry, the original vocational skills training of ZY Company has been greatly reduced in the number of programs. At present, only two programs are still in operation, but due to the double impact of the number of teachers and customers, it is difficult to increase sales and the market influence is small.

Product characteristics: Low growth rate, low share, overall market shrinkage.

### **Adult education**

Development prospect: With the transformation of China's economic structure and technological progress, many traditional jobs are disappearing, while emerging industries require more and more skills and knowledge. In order to adapt to this change, many adults choose to continue learning to improve their education and skills. Especially in super first-tier cities like Shanghai, academic qualifications often have a direct impact on career development, salary levels and promotion opportunities, even including the scope of educational resources for children to enjoy. Although in the past two years, the state has continuously issued various policies requiring universities to improve the quality of adult education and control the enrollment scale, which has affected the growth rate of the market, the overall market size has remained at a stable level.

The current situation of the industry: Although adult education is constantly affected by policies and faces the challenges of shrinking enrollment and improving teaching quality, the government has also continuously emphasized the importance of lifelong learning for all. Therefore, the overall market development scale will still tend to stabilize at a stable level, just from the previous high growth rate back to a flat level.

Situation of this business of ZY Company: A full range of three forms of adult education, each form of product range is more complete. As the main business of ZY Company, it has accumulated over the years has been the forefront of the industry and has a high market share.

Product characteristics: Low growth rate, high share, overall market stability.

### **Residence permit integral and settlement**

Development prospects: Shanghai as a super first-tier city, the level of economic development and various development opportunities have always been at the forefront of the country. The local government also attaches great importance to the construction of talents, on the one hand, to provide the local higher education in the foreign household registration of students directly settled preferential treatment. On the other hand, the local government has also introduced various policies to attract talents from various industries to come to Shanghai through the implementation of the Shanghai residence permit integral and various preferential treatments for settlement. These initiatives not only facilitate the career development of such individuals, but also address the difficulty of their offspring being able to enjoy the high level of local educational and medical resources in Shanghai. As a result, there has been a steady flow of people from all over the country seeking opportunities in Shanghai.

Current state of the industry: Although the demand for the residence permit integral and settlement policy may fluctuate with policy changes. However, judging from the current market situation and global economic development, the overall market is still showing a growing trend within recent years.

Situation of this business of ZY Company: The company has been laying out the business of Shanghai residence permit integral points and settlement since 2016. Due to its professional business ability and considerate service level, it has occupied an important position and a high market share in this field.

Product characteristics: High growth rate, high share, overall market growth.

### **International postgraduate education**

Development prospects:As society develops and the economy advances, people's demands for the quality and level of education are constantly rising. Therefore, postgraduate education has begun to enter a stage of vigorous development. At present, the domestic graduate education is in an awkward situation. Programs with high-quality teaching level and low cost are too difficult to enter, and the extremely low acceptance rate makes it impossible for working adults to reach the entry level, and the study cycle is also long. Programs with low barriers to entry and good teaching standards are too expensive for most families to afford. Programs with low entry barriers and low fees are either of poor quality or do not lead

to nationally recognized certificates. At the time of deepening globalization and rapid development of information technology, more and more people in China begin to consider the internationalization of graduate education, choosing to go abroad to receive graduate studies, away from the three embarrassing situations at home.

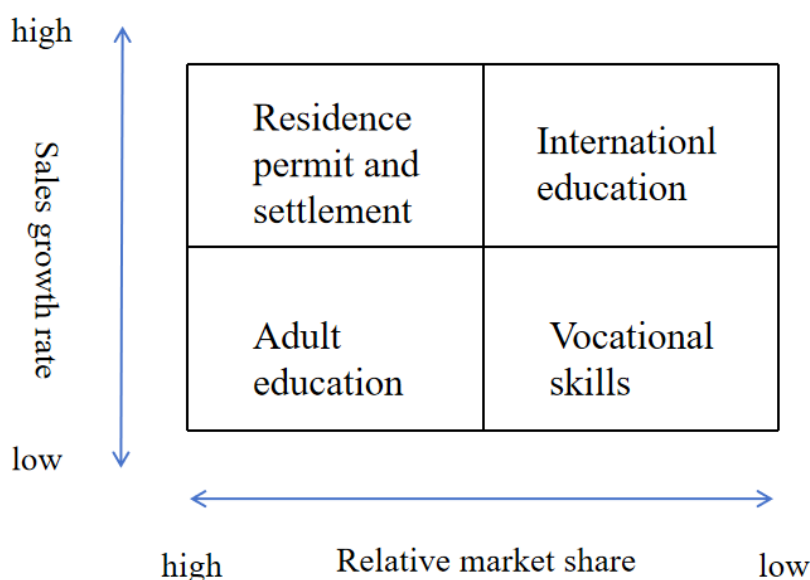
Current state of the industry: As an international metropolis in China, Shanghai has developed rapidly and diversely in international graduate education. In addition, the government also attaches great importance to the development of international education and has introduced a series of policies to support and promote the development of international graduate education, which has led to an increasing trend of growth in the overall market. However, there are almost no providers in Shanghai that have an absolute advantage in this field, which still faces many challenges, such as how to efficiently acquire customers, how to guarantee product quality and graduation rate, how to ensure product recognition in China, and how to optimize product pricing strategies.

Situation of this business of ZY Company: The international postgraduate business of ZY Company is in the initial exploration stage, with a small range of products and a low market share.

Product characteristics: High growth rate, low share, overall market growth.

Based on the above analysis, a BCG Matrix diagram for the four businesses of ZY Company is constructed, as shown in Figure 4.10.

*Figure 4.10 BCG Matrix of ZY Company*



*Source: the author, 2024*

Combining the results of the above analysis with the company's competitive strategy, a practical marketing strategy is formulated for company ZY to help the company gain a clear competitive advantage. The details are as follows:

### **Vocational skills training**

As the market is shrinking as a whole, ZY Company's market share in this business is also low and profitability is poor. The company should reduce its investment in this business and try its best to cut costs to maintain the product's survival with the lowest operating overhead, or phase out the product and focus its resources on other promising products.

### **Adult education**

Although the market is slowing down due to overall maturity and steady growth, ZY Company can still maintain customer loyalty to the company's brand through differentiation, and the business has a high market share and can generate stable cash flow. The company should continue to focus on different service content for the same academic products and increase service improvement for all parts of the customer's process. It should plan the whole process of learning according to the learning purpose of customers, and put the three learning services of “guiding-assisting-supervising” into practice, so as to increase the added value of the products and resist the entry of competitors. At the same time, the company should reduce large-scale investments, optimize its cost structure, balance product allocation, and improve operational efficiency, so as to further achieve the goal of improving profitability, and mainly focus on maintaining its current market position.

### **Residence permit integral and settlement**

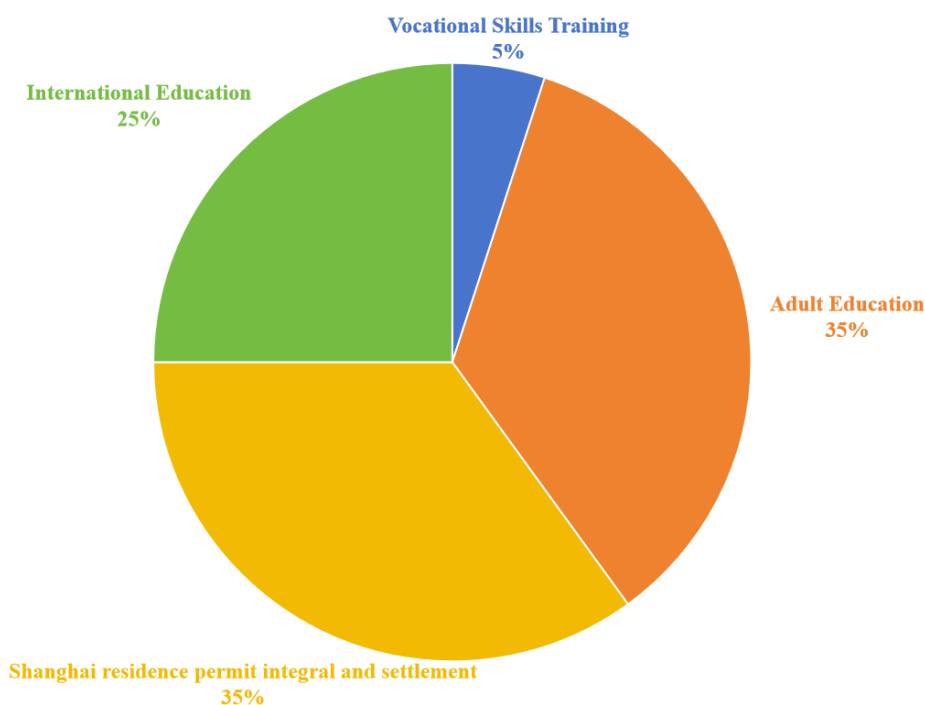
Due to the current high market growth rate, the company should strengthen the uniqueness of its products and brand image to maintain its leading position in the market. ZY Company can maintain its competitive advantage by innovating, improving the quality of services in this business and adding value. Utilize differentiation in brand strength, user experience and after-sales service to increase customer loyalty and market penetration.

### **International postgraduate education**

Setting long-term strategic goals, finding product differentiation advantages through market segmentation, and improving the precision of marketing. ZY Company should improve the quality, functions and user experience of its products to increase the attractiveness of its own products in order to capture the market share in response to the needs of its target customers.

Through communication with the top executive of ZY Company, the layout of the business and the respective revenue share plan for the third year of the company's strategic transformation are shown in Figure 4.11.

*Figure 4.11 Layout of business and revenue share in the third year of ZY Company's transformation*



*Source:ZY Company ,2024*

## **4.6. Implementation of strategic transformation**

### **4.6.1. Schedule**

Successful implementation of strategic transformation depends on a series of practical and feasible basic safeguards and a clear time plan. The timing, content and objectives of ZY Company's strategic transformation are shown in Table 4.9.

*Table 4.9 Implementation table for ZY Company's transformation*

<b>Transformation time</b>	<b>Transformation content</b>	<b>Transformation goals</b>
2024	1.Discuss the direction of upgrading and transformation; 2.Develop new products and test them in the market; 3.Conduct employee training for effective new products;	Demonstrate the feasibility of upgrading and transforming businesses, propose specific implementation programs and complete supporting reform measures.
2025	1.Marketing Reconfiguration 2.Management upgrades; 3.Team building;	Comprehensively implement business upgrading and transformation, and continuously adjust and optimize in the process.
2026	1.Achievement of all set performance targets; 2.Healthy and stable growth of businesses; 3.Management is refined in all areas.	Successful business upgrading and transformation

*Source:ZY Company ,2024*

2024 is the first year of ZY Company's transformation, the direction of the company's transformation and layout arrangements have been determined after several series of analyses. Based on the above, while maintaining the existing cash cow adult education business, the star product Shanghai residence permit integral and settlement business and the long-term plan of international postgraduate education as the focus of development, adjusting the supporting resources and carrying out targeted staff training are the tasks that must be accomplished in the first phase.

2025 being the most important year in the transformation plan, ZY Company needs to reconstruct its marketing model and utilize the latest technological methods and market trends to develop marketing channels. Set up new departments and positions, gradually carry out marketing integration, keep up with the changes in the market, shift the original network promotion to live broadcasting as the main focus, and focus sales on the consolidated integration. At the same time, the company needs to carry out comprehensive upgrading of management and strengthening construction of the team according to the future business development and layout, such as introducing new management tools, increasing the talent pool, strengthening the performance assessment, and improving the incentive mechanism.

2026 is the final year of transformation. Adhering to the four tracks laid out in the transformation, accomplishing the set performance targets on schedule, completely

abandoning sloppy management and ensuring the team's stable and efficient advancement is the final step of the transformation.

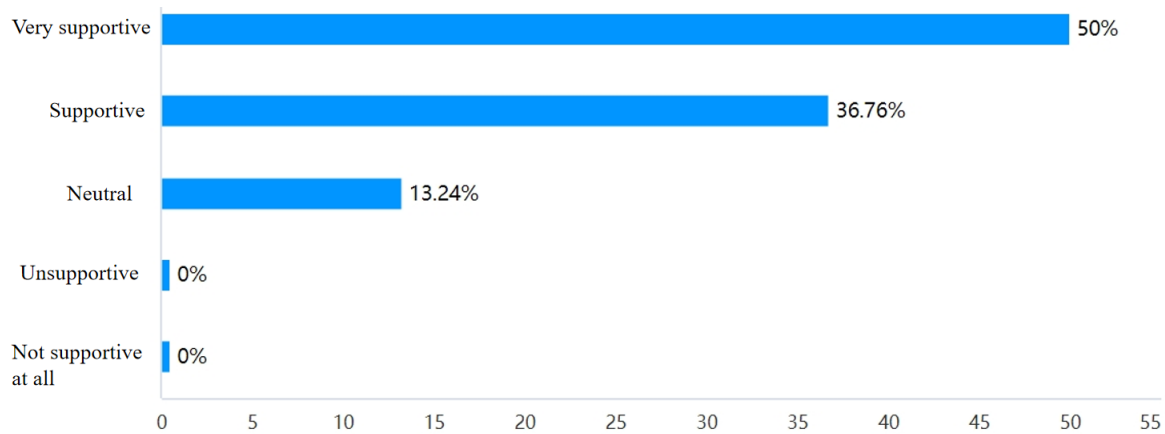
#### **4.6.2. Implementation measures for strategic transformation**

Following the above more detailed analysis of ZY Company's strategic transformation content, objectives and time planning, in order to ensure the successful implementation of the whole transformation process, it is also necessary to establish a series of supporting related measures, such as systems, talents, culture, organizational structure, and funding.

1. Improve the management system. In the process of company transformation, a perfect internal management system can help ZY Company to resist external risks and accelerate the establishment of new internal advantages. Therefore, the company should adhere to the management concept of “change and innovation, application-oriented, people-oriented, and not acting in an over-assertive manner”, and focus on the match between the company's internal business and the external environment. It should also improve the company's risk control and management system, performance assessment system, employee incentive system, resource management system, refined operation system, and highly efficient information communication system.

2. Strengthening training and assessment, and matching employees with jobs based on merit. In accordance with the business layout after the transformation, the company has made major adjustments to its core business. In order to ensure the successful implementation of the company's transformation strategy, it is necessary to carry out comprehensive training and assessment for each business segment. Existing employees and new recruits are required to undergo rigorous training and assessment before the survival of the fittest and ultimately placing the right people in the right positions. On the other hand, this strategic transformation of ZY Company belongs to the company level, and the whole management team has to carry out the transformation business together with the subordinates of the company in order to form a cohesive fighting team. For this purpose, this study specially designed a questionnaire for 80 formal employees of the company and collected the results of 68 questionnaires, of which 50% of the employees expressed strong support for the transformation and 36.76% of the employees expressed support. The specific content of the questionnaire is attached as Annex I.

Figure 4.12 Overall attitude of ZY Company employees towards the transformation



Source:the author ,2024

3. Establishment of a customer relationship management center. ZY Company should set up a CRM center as soon as possible, focusing on categorizing and managing all customers, including those in consultation, existing customers and those who have completed the service process, and establishing a clear picture of customers. The CRM Center is to carry out stage-by-stage timed analysis of customer needs, and capture the potential needs of customers through a variety of methods, such as telephone callbacks and online communication, so as to adjust the specific content of ZY Company's four business segments. In addition, ZY Company should also improve its marketing system based on the original foundation, not only need to promote the company in the market through various marketing channels and methods, but also need to add new marketing approaches to the company's original customer base, improve customer service level, optimize the sense of experience to increase customer stickiness, and further improve the company's word-of-mouth influence.

4. Strengthening the construction of corporate culture. Unlike a management system, corporate culture embodies the values and development concepts of a company's operations and is essentially an informal system. In the process of ZY Company's strategic transformation, the continuous strengthening of the existing corporate culture learning and implementation will not only help the company to form a unique cohesion, but also further guarantee the successful implementation of the strategic transformation. The company should unite every employee, combine learning and innovation with the specific direction of transformation, thoroughly implement the team concept of "common commitment, common



growth, common sharing” , increase the sense of belonging and sense of mission of the employees, and form a firm centripetal force to break through the difficulties.

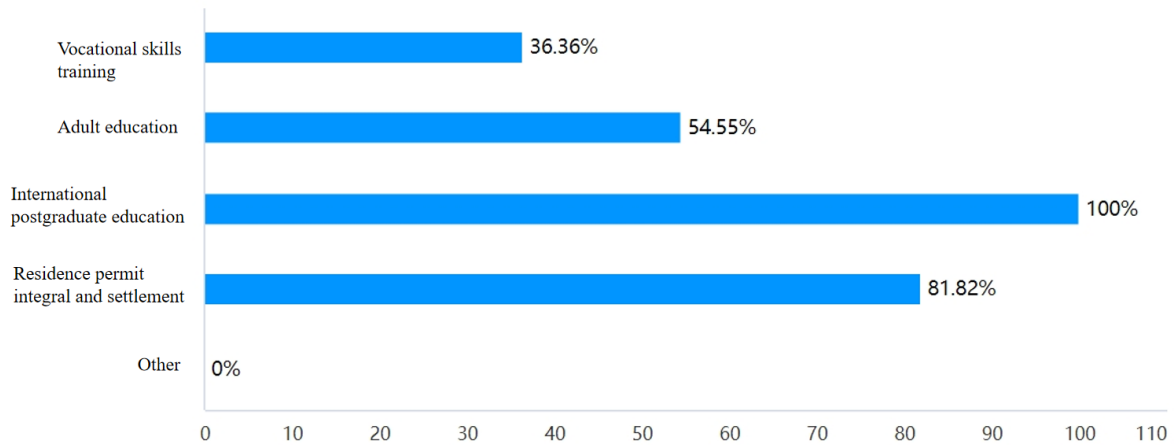
5. Strengthen the construction of talents. The development of companies can't be separated from the support of talents, and the competition between companies is ultimately the competition between talents. Especially in the process of strategic transformation, a reasonable talent team is the important core of the company's development. For ZY Company, it should cultivate excellent talents in sales, teachers, integral settlement, international education, etc., and make a dynamic design of talent incentive policy as well as personalized performance appraisal. At the same time, for the incentive of core talents, ZY Company should set up a competitive salary management system, especially focusing on the combination of material and spiritual incentives.

#### **4.6.3. Control and assessment**

Once the strategic transformation has an established layout and a clear time plan, the whole company should start to implement it, but it doesn't mean that the strategy is set in stone. In the face of the current policy uncertainty and rapid changes in the market environment, the internal and external environment of the company may change at any time. In the case of ZY Company, it is especially important to pay attention to the adjustments and changes in national policies to avoid touching the red line of policies. Consequently, the company needs to keep a broad vision at all times, and be able to be quick when the environment changes.

According to the analysis of the results of the questionnaire, the 11 management team members of ZY Company who participated in the questionnaire on the focus areas of the company's transformation are shown in Figure 4.13.

*Figure 4.13 Management of the company voted on the areas of focus for the strategic transformation*



*Source:the author ,2024*

The above results are consistent with the BCG Matrix analysis of ZY Company, which proves that at the present stage, the market development trend, the working experience of the management team and the theoretical analysis results in the study are highly coincident. This is a theoretical confirmation of the feasibility of ZY Company's strategic transformation, and the later stage only needs to dynamically propose specific implementation programs and improve supporting measures according to the market and policy changes to enable the company's strategic transformation to achieve the expected goals.

## **5. Conclusions**

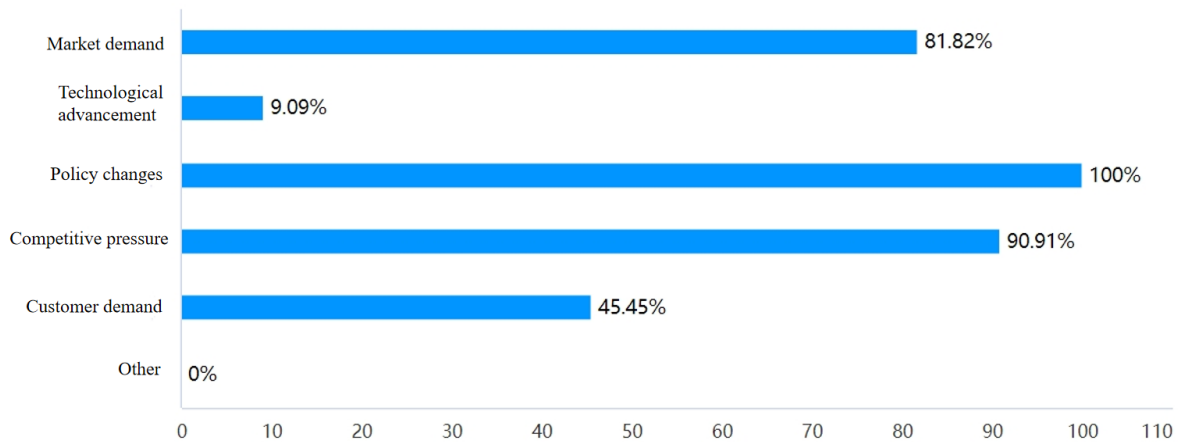
### **5.1. Study Conclusions**

This study focuses on the real problem of strategic transformation of ZY Company, combining the foundations of the theories of strategic management, company transformation, and business process optimization. By using tools such as PESTE analysis, Porter's Five Forces model, SWOT analysis matrix, VRIO model, BCG matrix, etc., it comprehensively analyzes ZY Company's external environment, industry environment, competitors, customers, as well as internal environment and core competitiveness, and then finally designs a plan for strategic transformation that is suitable for ZY Company. The conclusions of this study include the following three main areas:

1. The current business of ZY Company is in urgent need of strategic transformation due to the company's too strong dependence on cooperating universities, the lack of a comprehensive crisis management mechanism, and the absence of a data-driven operation and management mechanism, resulting in the company having problems such as too single revenue structure, insufficient competitiveness of its core products, high operating costs of the company, and decreasing customer satisfaction.

2. Policy changes, competitive pressure and market demand are the biggest motivations driving ZY Company to carry out strategic transformation. Specifically, under the influence of industry policies, ZY Company's adult education business has been severely impacted, presenting a straight downward trend in terms of the amount of revenue and customer satisfaction, which account for the largest proportion. At the same time, ZY Company will face the dilemma of the original core business scale shrinking, and must develop new products in conjunction with the market demand and adjust the business layout by utilizing its own advantages. In addition, ZY Company should avoid the influence of industry policies and competitors as much as possible when designing its strategic transformation. Figure 5.1 shows the voting results of ZY Company management on the reasons for the transformation of the company.

*Figure 5.1 Results of voting by the company's management on the main drivers of strategic transformation*



*Source:the author ,2024*

3. ZY Company should adhere to the strategic transformation strategy of “focusing on international graduate education, vigorously developing integral settlement, optimizing adult education and reducing vocational skills” . The transformation path should be carried out from product development, customer expansion, market development, marketing promotion and team building. Meanwhile, in order to ensure the successful implementation of ZY Company's strategic transformation, the company should take a series of safeguard measures, such as improving the management system, reshaping the organizational structure, strengthening the construction of corporate culture, and enhancing the construction of talents.

Strategic transformation of a company is a process of continuous strategic management, and only by continuously improving and perfecting its strategic management can a company gain a sustainable competitive advantage in the fierce market competition. Companies must take strategic management seriously and constantly innovate and improve to achieve better development goals.

## **5.2. Study Limitations**

Although this study has developed a systematic design for the strategic transformation of ZY Company, the following shortcomings still exist:

1.The study data is rather scarce. This study only collects the internal operation data and interview data of ZY Company, and collects less data on the development of the whole

industry and the related data of competitors. Future study can further enrich the source of data acquisition and realize the multi-party validation of data.

2.The study methods are traditional. This study all adopts some traditional theoretical methods to explore the strategic transformation of ZY Company, without adopting data model for further validation. Future study can further focus on the data section to enrich the argumentation of this study.

3.The conclusions of the study are rather crude. Although this study proposes a strategic transformation layout for ZY Company, no subsequent feasibility test has been conducted on it at this stage. Future study could conduct field verification on the transformation plan proposed in this study in order to optimize the existing study conclusions.

## References

- An, Z.F., & Wan, J. (2023). Promoting Transformational Reform of Adult Education by Educational Digitization. *Journal of Beijing Xuanwu Hongqi Amateur University*, 2, 3-9.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, 17(1), 99-120. <https://doi.org/10.1177/014920639101700108>
- Burchardt, C., & Maisch, B. (2019). Digitalization needs a cultural change—examples of applying Agility and Open Innovation to drive the digital transformation. *Procedia Cirp*, 84, 112-117. <https://doi.org/10.1016/j.procir.2019.05.009>
- Chen, J.P, Song, X.Z., & Shang, J.L. (2009). The construction of corporate financial strategy system under the perspective of core competence. *Research on Science and Technology Management* ,3, 165-167.
- Chen, Q. (2023). Research on the Realization Path of Higher Education to Better Integrate and Serve the Lifelong Learning Education System for All. *Journal of Yichun College*,7, 113-120.
- Chen, Q.C. (2020). Strategic transformation and path selection of company development. *Modern Marketing (Business Edition)*,3,176-177.doi:10.19921/j.cnki.1009-2994.2020.03.113.
- Chen, W.L., & Zhang, Y.F. (2017). Strategic Transformation and Policy Responses to the Development of Private Universities. *Journal of Yellow River University of Science and Technology*, 1, 33-38. doi:10.19576/j.issn.1008-5424.2017.01.003.
- Chu, J.M. (2020). Research on marketing strategy of education and training institutions under the background of “Internet+”. *Industrial Innovation Research* ,6, 39-40+47. doi: CNKI:SUN:CYCX.0.2020-06-018
- Conger, J. A., & Xin, K. (2000). Executive Education in the 21st Century. *Journal of Management Education*, 24(1), 73-101. <https://doi.org/10.1177/105256290002400106>
- Deng, X.H . (2023). Theoretical logic and practical strategy of digital transformation in vocational education. *Research on Electrochemical Education*,1,48-53. doi:10.13811/j.cnki.eer.2023.01.007.
- Dirgantari, P. D., Rahayu, A., & Hurriyati, R. (2016, April). The Influence of Brand Element and Education Service Marketing Mix on Brand Momentum of Higher Education Institution. In *1st UPI International Conference on Sociology Education* ,159-165, Atlantis Press.doi: 10.2991/icse-15.2016.34
- Dover, P. A., Manwani, S., & Munn, D. (2018). Creating learning solutions for executive education programs. *The international journal of management education*, 16(1), 80-91. <https://doi.org/10.1016/j.ijme.2017.12.002>
- Dong, X. H. ,& Ma, Y. L. (2020). Research on the Motivation and Path of Corporate Strategic Transformation. *Journal of Ningxia University (Humanities and Social Sciences Edition)* ,1, 162-165.doi: CNKI:SUN:NXDX.0.2020-01-027
- Floyd, S. W., & Lane, P. J. (2000). Strategizing throughout the organization: Managing role conflict in strategic renewal. *Academy of management review*, 25(1), 154-177. <https://doi.org/10.5465/amr.2000.2791608>
- Greiner, L., Cummings, T., & Bhambri, A. (2003). When new CEOs succeed and fail:: 4-D theory of strategic transformation. *Organizational Dynamics*, 32(1), 1-16. doi:10.1016/S0090-2616(02)00134-1
- Guo, Y. H. (2018). Strategic Management and Business Models - Reading Strategic Management:Competition and Globalization (Concept). *Finance and Accounting* ,10, 87-88.

- Hrnjic, A. (2016). The transformation of higher education: evaluation of CRM concept application and its impact on student satisfaction. *Eurasian Business Review*, 6, 53-77.doi: 10.1007/s40821-015-0037-x
- Hu, X.X. (2024). Reflections on digital transformation of small and medium-sized companies. *Chinese Small and Medium Enterprises* ,1, 68-70.
- Hu, Y.D., & Yin, L.L. (2017). Drivers of strategic transformation in companies. *Modern Marketing (Lower Decade)* ,11, 3-3.doi: 10.3969/j.issn.1009-2994.2017.11.002
- Lan, H.L., Zhang, M., & Song, T.B. (2019). "Crossing the river by touching the stones": a new interpretation of strategic management of companies in dynamic and complex environments. *Journal of Management* ,3, 317-324.doi: CNKI:SUN:GLXB.0.2019-03-001
- Laursen, M., & Killen, C. P. (2019). Programming for holistic value creation: collaboration, coordination and perception. *International Journal of Managing Projects in Business*, 12(1), 71-94.doi: 10.1108/IJMPB-01-2017-0009
- Liu, H. L., Song, H. J. ,& Qin, K. H. Y.(2024). The Road of Strategic Transformation of China's Higher Continuing Education--Based on the Policy Analysis in the Past Ten Years. *China Adult Education* ,1, 31-42.
- Liu, Y.Y. (2014). How the traditional education and training industry transforms into the Internet education era to adapt to the development of the times. *Spiritual Leaders (Mid)* ,12, 155.doi: CNKI:SUN:CZZX.0.2014-12-131
- Lockhart, J. C. (2013). Executive education: can it be too good?. *Journal of Executive Education*, 12(1), 5.
- McCarthy, N., B. Rouse, W., & Serban, N. (2015). Disentangling competitive advantage and superior performance and their roles in enterprise transformation. *Journal of Enterprise Transformation*, 5(2), 113-140. <https://doi.org/10.1080/19488289.2015.1040175>
- Mohedo, M. T. D., & Bújez, A. V. (2014). Project based teaching as a didactic strategy for the learning and development of Basic competences in future teachers. *Procedia-Social and Behavioral Sciences*, 141, 232-236. <https://doi.org/10.1016/j.sbspro.2014.05.040>
- Mouzas, S. (2022). What drives business transformation? Evidence from manufacturer-retailer networks. *Journal of Business Research*, 143, 282-293. <https://doi.org/10.1016/j.jbusres.2022.01.053>
- Reynolds, P. (2007). Managing requirements for a US \$1 bn IT-based business transformation: New approaches and challenges. *Journal of Systems and Software*, 80(3), 285-293. <https://doi.org/10.1016/j.jss.2006.04.036>
- Stockport, G. J. (2000). Developing skills in strategic transformation. *European Journal of Innovation Management*, 3(1), 45-52. <https://doi.org/10.1108/14601060010305256>
- Tang, L., Zhang, K. W., Xu, X. C., & Wei, Y. K. (2016). The development crisis of China's education and training industry and the sustainable development strategy to cope with it. *Education and Teaching Forum*, 33, 102-103.doi: 10.3969/j.issn.1674-9324.2016.33.048
- Tang, X.W, Liu, D.H. & Xiao, J. (2015). Research on the mechanism of strategic transformation process under the perspective of dynamic capability. *Research Management* ,1, 90-96. doi:10.19571/j.cnki.1000-2995.2015.01.011.
- Tjemkes, B., Vos, P., & Burgers, K. (2017). *Strategic alliance management*. Routledge. <https://doi.org/10.4324/9781315543673>
- Topbaş, E. (2009). The effects of the five step learning strategy on academic success: using the example of the subject of learning technologies and material development. *Procedia-Social and Behavioral Sciences*, 1(1), 112-117. <https://doi.org/10.1016/j.sbspro.2009.01.021>

- Wan H., Zhong X. & Peng Q. P.. (2021). Responding to Changes? An analysis of the impact of economic policy uncertainty on company strategic change. *Journal of Management Engineering* ,5, 52-63. doi:10.13587/j.cnki.jieem.2021.05.005.
- Wang, Y.Q., & Lin, S. Y.(2023). The main contradictions and coping strategies of China's continuing education in the new era. *Journal of Beijing Xuanwu Hongqi Amateur University* ,4, 31-35+42.
- Wicks, A. M., & Visich, J. K. (2006). The IDEAL service transaction analysis approach for projects in operations management courses. *International Journal of Information and Operations Management Education*, 1(4), 327-342.  
<https://doi.org/10.1504/IJOME.2006.010491>
- Xia, M.l., & Li, Y.C. (2024). Value Analysis and Path Choice of Digital Technology Enabling Lifelong Learning for All. *China Adult Education* ,2, 13-18.
- Yang, B., & Wang, X. (2021). Research on online-offline integration development mode in education and training industry. *Marketing World* ,2, 33-34.
- Yang, C.(2012). An analysis of Michael Porter's strategic management theory. *Chinese and Foreign Entrepreneurs*, 9, 113-114. doi: 10.3969/j.issn.1000-8772.2012.17.049
- Yang, X. M., Zhao, X. S., & Chen, S. C. (2017). Construction and development of digital educational resources in the “Internet+” era. *China Electrochemical Education*, 10, 51-59. doi: 10.3969/j.issn.1006-9860.2017.10.008
- Yu, J.Y., & Wang, L.H. (2021). Research on the development strategy of domestic education and training industry under the background of COVID-19. *Enterprise Reform and Management* ,16, 99-100. doi:10.13768/j.cnki.cn11-3793/f.2021.1632.
- Yuan Z. (2010). The relationship between company resources, hard and soft power and core competitiveness. *Business Times*, 30, 86-87. doi: 10.3969/j.issn.1002-5863.2010.30.041



## **Appendices**

### **Appendix A – 【Questionnaire】**

#### **Basic Information**

1、 Your age:

1.20-29 years old

2.30-39 years old

3.40-49 years old

4.50 years old and above

2、 Your gender:

1.Male

2.Female

3、 Your years of employment with the company:

1.less than 1 year

2.1-3 years

3.3-5 years

4.5-10 years

5.More than 10 years

4、 Your department:

1.Academic Affairs Department

2.Marketing Department

3.Telemarketing Department

4.Operation Department

5.Other Functional Departments

5、 Your position:

1.Management

2.Consultant

3.Technical support

4.Administrator

5.Others

### **Perspectives on the company's transformation**

1、 How well do you understand the company's current transformation program?

1. Very much
2. Well
3. Some awareness
4. Small awareness
5. No awareness at all

2、 What do you think about the necessity of the company's transformation?

1. Very necessary
2. Quite necessary
3. General
4. Not very necessary
5. Completely unnecessary

3、 What is your overall attitude towards the company's transition?

1. Very supportive
2. Supportive
3. Neutral
4. Unsupportive
5. Not supportive at all

### **Specific observations on transformation**

1、 What do you think are the key drivers of the company's transformation?

(Multiple choices possible)

1. Market demand
2. Technological advancement
3. Policy changes
4. Competitive pressure
5. Customer demand

6.Other

2、 What do you think the focus of the company's transformation should be?

(Multiple choices allowed)

1. Improving the quality of teaching services
2. Expanding product offerings
3. Enhance the online education platform
4. Increase marketing
5. Optimize management process
6. Enhance staff skills
7. Other

### **Challenges and support in the transition process**

1、 What do you think is the most significant challenge for your company in the transformation process?

(Multiple choices allowed)

1. Insufficient funds
2. Technical bottlenecks
3. Employee resistance
4. Management inexperience
5. Policy restrictions
6. Other

2、 What support do you think the company needs most in the transition process?

(Multiple choices allowed)

1. Policy support
2. Financial support
3. Technical support
4. Professional training
5. Market promotion
6. Internal communication and collaboration
7. Other

### **Evaluation of the effectiveness of the transformation**

1、 How do you feel about the expected results of your company's transformation?

- 1.Very optimistic
- 2.Comparatively optimistic
- 3.General
- 4.Not very optimistic
- 5.Not optimistic at all

2、 In what ways do you think the company will be significantly better after the transition?

(Multiple choices allowed)

- 1.Teaching quality
- 2.Customer satisfaction
- 3.Market share
- 4.Cost control
- 5.Staff Skills
- 6.Work efficiency
- 7.Other

### **Future prospects and recommendations**

1、 In what areas do you see as the focus of the company's transformation in the future?

(Multiple choices allowed)

- 1.Vocational skills training
- 2.Adult education
- 3.International postgraduate education
- 4.Residence permit integral and settlement
- 5.Other

2、 Do you have any suggestions or comments on the transformation of the company?