Strategic Management and Strategic Competitiveness: Case Study of USAA

Name

Institution Affiliation

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The Impact of Technology Changes

Technology changes, such as the internet, have become pervasive in the insurance industry and have affected USAA (The United Services Automobile Association) significantly. The firm's fund and its service providers are vulnerable to information and operational risk due to cyber-attacks. These attacks are composed of unplanned and deliberate occurrences that include: system failures, technical inaccuracies, processing errors, and computer malfunctions (U.S. Securities and Exchange Commission, 2017). Moreover, these incidents include events such as computer viruses, market-wide technical-linked interruptions, failed external/internal processes, and illegal access to digital systems (via malicious software codes or hacking). The consequences of these incidents include theft, unauthorized monitoring, and malfunctions in the operating systems/physical infrastructure that support its service provider and the fund (U.S. Securities and Exchange Commission, 2017). Furthermore, there are extra expenses incurred to avert any cyber-attack in the future.

The Impact of Globalization Changes

Globalization changes have affected the USAA in several ways:

1. Variation in market environments: Globalization changes have resulted to the liberalization of state regulations of insurance markets, private property cost increases, internet sales of insurance products, and climate change.
2. Centralization and concentration processes: mergers between medium and small divisions to create large global insurance companies, forging of strategic partnerships between with reinsurance firms, and fusion of insurance and banking sectors.

3. Change in conventional forms of insurance services and new insurance products through new insurances against military risks, insurer participation in pension insurance, planning insurance coverage through securitization, and decreased involvement of government in offering payment of disability pensions.

How USAA could earn above-average returns

Industrial Organization) Model

This model applies an external assessment to explain the forces outside of the company signifying the dominant influences on the organization's strategic actions (University at Albany, 2017).

USAA could earn above-average returns if it employed the differentiation strategy. The company's capacity to offer differentiated products at prices that exceed the cost of production allows it to earn above-average returns and outpace its competitors. A product can be differentiated through intensive product innovations, responsive customer service, and perceived social status.

The skills and assets that USAA needs to implement the differentiation strategy include focussing on investments and developments in distinct features that can be noticed by the customer. The factor that determines the success of this strategy concerning implementation is the development of organizational learning, innovativeness, and creativeness.

Resource-Based Model

According to this model, the capacities and resources of a company, located in its external environment, are more decisive in assessing the suitability of strategic actions, and then the status of the external environment (University at Albany, 2017). USAA can develop an enhanced infrastructure that could manage its diverse operations and run a combination of

internally packaged and developed banking applications that are integrated to provide a better experience.

By considering integration, the organization will have the capacity of welcoming innovation in its channels, services, and products. Most of this innovation will be centered on its mobile channel and will make the firm a leader in services such as speech abilities and mobile remote deposit capture (Burger, 2013). This will encourage its members to adopt and use its mobile banking services. These services will give the firm a competitive advantage as they are non-substitutable, rare, costly to imitate and valuable.

How USAA'S Mission affects its Success

USAA's Mission

USAA's mission statement is: to enhance the financial security of its members, partners, and their families through offering an extensive range of highly competitive financial products and services; in that way, USAA strives to be the preference for the military community.

In the past, USAA provided financial products in a fragmented manner, for instance, two-fifths of its revenues were attributed to auto insurance. However, these single products did not improve the financial security of the members as much as they could. The moment the company's leaders re-evaluated their mission, they understood that choice of purchasing a car has a greater effect on their members' financial security than the decision of acquiring auto insurance (Mocker & Ross, 2017). This insight propelled the company into great success through the increase of its revenues.

Mission statements can assist in establishing priorities and confirm the forms of innovation that are not appropriate. In moments of uncertainty regarding whether to ensure that the home-buying process in easier or if resources should be channeled to launching a

homeowner's insurance product, for instance, USAA policy makers enforce the obligation of acting in the interests of the members' financial security (Mocker & Ross, 2017). The firm requires its personnel to discuss which of the two investments will be of value to more members in an extensive manner and have a larger impact on realizing its mission.

Stakeholders influence on USAA

The Board

This is the final decision-making point at USAA except for issues restricted to the members. The Board contributes to the organization's success by establishing the firm's strategic objectives and ensuring that the necessary human and financial resources are provided (United Services Automobile Association, 2016). This ensures that the enterprise achieves its aims within a board authorized framework and supervision of management performance.

Management

Administration of USAA and daily management is the role of the executive management team and the CEO (Chief Executive Officer). Management handles the firm in alignment with the operational and strategic plans consented to by the Board and within the risk appetite authorized by it (United Services Automobile Association, 2016). The Board contributes to the success of the firm by ensuring the assessment of its performance.

Director Responsibilities

The role of the directors is to apply their business acumen to conduct themselves in a way that they rationally believe to be for the success of the firm, its employees, and members. In performing this duty, directors must be permitted to depend on the integrity and rectitude of the enterprise's top management and its external auditors, consultants, and advisors (United Services Automobile Association, 2016). Moreover, directors contribute to the firm's success by

highlighting any potential conflicts to the Board. The directors also contribute their intellectual capabilities such as managerial experience, industry knowledge, and financial expertise thereby assisting the company to accomplish its goals.

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