Student name

Course, Department

Date of submission

Background of the Organization

MGM Resorts International is a global hospitality company has boosts owning and operating casinos and non-casino resorts projects around the world. The main business functions of the company will include gaming, hospitality, and entertainment activities and has its headquarters located in Las Vegas, Nevada, USA. In this regard, the company has over ten thousand outlets globally and this has ensured that the company does enjoy a high volume of sales income in the billions mainly as a result of different franchise business types. Some of the main strengths that have boosted the business operations will include its market recognition strategy, property portfolio, and liquidity position. However, the business will often be faced by various weakness such as cost efficiency which has proved to be persistent issue as far as the company’s business operations are concerned. Taking a look at the company’s 2020 financial report of the company, the company did report a revenue of US$ 5,162,082 which was a drastic reduction from the previous year which they had recorded US$ 12,899,672 mainly attributed to the Covid-19 pandemic.

Further, the overall outlook of the current US travel and tourism sector has continued to grow despite the issues that had been brought about by Covid-19 travel restrictions. In addition, despite the high cost of living experienced currently, it is evident that the consumer spending in the country is recommendable to sustain the business operations hence ensuring that the company can improvise their strategic initiatives. This has a potential of resulting to ample business growth opportunities. However, it is important to understand the foreign exchange risk that could have a major impact as far as business operations is concerned. In addition, as we can see currently, the many restrictions that have been imposed to Russia mainly because of their invasion into Ukraine hence it is important that the management need to understand any unforeseen circumstances that could impact their business performance.

MGM Current Strategies

In any type of business, the management will often strive to ensure that they keep their business operations ongoing with minimal business loss impact. As a result, taking a look at the MGM Resort, it is evident that the management in a bid in ensuring that they are in a position to increase their operation sales, unleashed the MGM 2020. As per the CEO, ‘MGM 2020’ will be a company-wide, business-optimization initiative that will mainly focus on leveraging a centralized organization system that will strive to maximize their profitability. This will be achieved by adoption of key investments in technology where the company will be laying the groundwork for the digital transformation that will see the company’s revenue increased. This have been categorized into five initiatives where the first step will be forging a single and unified company. This will see the MGM Grand merged with the Mirage Resort. The second initiative will be to embed a drive for the continuous improvement and growth of the company’s profit. Next, the company will strive to turn the gaming assets into a more powerful entertainment brand such as turning the resorts into showcases for entertainment choices. The fourth initiative will be to revolutionize the industry through social responsibility in the overall business imperative. Finally, MGM Resort management will have to align and position themselves so that they can have that competitive edge for the business.

SWOT Analysis

Internal Factor Evaluation

Strength:

1. Financial leverage: This does analyze the solvency position of the company in the business ability to borrow and repay money this improving their business operations. In this regard, we consider the debt-to-equity ratio which the company recorded 2.26 in FY2020 which as rather low but compared to FY2019 which the company recorded 1.68.
2. Cash position: The company recorded a high growth of its cash and cash equivalents hence assisting the company meeting their short-term obligations. In FY 2020, the company recorded US$5,101,637 while in FY2019, the company did record US$ 2,329,604.
3. Property portfolio: The company continues to enjoy a high property portfolio that has enabled it to enhance its growth objectives.
4. Reliable Suppliers: Considering taking a look at the accounts receivables indicated that the suppliers are credible and dependable.
5. Strong Brand Equity: Continuous provision of services and top-quality product ensuring that it creates and maintains its strong equity brand.

Weakness

1. Cost Efficiency: Covid-19 has impacted the company’s cost efficiency in FY2020 which did impact its profitability which saw the company record an efficiency ratio of 78% as opposed to FY2019 which was 84.1%.
2. High day sales inventory: Takes more time to the company products to be purchased and the sales will often be higher as opposed to the industry’s average.
3. Low current ratio: This can bring about liquidity issues in the company’s future hence need to factor into the addressing of its current assets.
4. Diversification in the workforce: The company has employed local workers and this lack of diversification will often bring about challenges as far as understanding different racial employee background.
5. High employee turnover rates: Has a high number of people leaving employment compared to its competitors.

Summary

The business has ensured that it aligns its business operation hence been in a position to establish itself in the highly competitive industry. As a result, it is important to note that the company’s ability to expand its US market with 30 properties have seen the company increase its business operations which has translated to a strong and consistent cash flow. In addition, the company’s management has ensured that it executes its business assets in regards to the strategies of the business hence resulting to redeployment of the capital thus the business enjoys a high ROI opportunity. Some of the main strengths that have boosted the business operations will include its market recognition strategy, property portfolio, and liquidity position. However, the business will often be faced by various weakness such as cost efficiency which has proved to be persistent issue as far as the company’s business operations are concerned. As discussed, the ‘MGM 2020’ is a strategy that has been adopted by the company to ensure that it increases it business growth through five main strategies which include; adoption of key investments in technology, forging a single and unified company, revolutionize the industry through social responsibility in the overall business imperative.

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