

CVS Strategic Analysis

Strategic Recommendation

- Our recommendation to CVS is to start remodelling to the "Fresh-Start" remodel.
- They can achieve this look through
 - Restructuring isles
 - Colorful hanging banners
 - LED Lighting
 - Customer interactive products
 - Improving employee dress-code



We will analyze CVS's current situation and give our strategic recommendation which is to implement the "Fresh Start" remodel that will increase revenues and overall value.



The All-Knights

Strategic Recommendation: CVS

Team Members: Alec Brodie, Shawn Doolittle, Derek Monk, Michelle Palley, Andrew Sayles

Most important factors to be dealt with

The most important factors to be dealt with are:

- Market's Change, Tech's Evolution and Customer's Demand
- Competition's Innovation and Marketing
- Government's Regulation and Health Care's Reform
- Health Care's Innovation and Health Care's Reform
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VRIO Framework

Value: Each strategic move and position over the short term has a significant value and the CVS is the only company who is in the pharma and retail market segment throughout the world.

Rare: CVS is a rare company.

Inimitable: CVS has a long history and a strong reputation for its products and services.

Organizable: CVS is a large company with a strong organizational structure.

Financial Analysis

"We cannot predict the future, but we can analyze trends"



CVS's Corporate Mission



"We're a pharmacy innovation company and every day we're working to make health care better" - CVS

What does CVS do?

"CVS/pharmacy is reinventing pharmacy to help people on their path to better health by providing the most accessible and personalized expertise, both in its stores and online at CVS.com." - CVS website



What makes CVS unique?

CVS differentiates itself for the convenience of its customer.

The acquisition with King's Canyon Pharmacy Part D

Concentrated on wellness of customer

- 186 drug-selling tobacco products as of October 1, 2014
- Incorporating a more wholesale food into 100 CVS stores



Implementation

- Start at a select number of pilot and succeed stores.
- Can work on the stores during hours when the store is closed.
- Only take place in the front-end of the store.
- Does not require extra work to the existing structure.



Fail-out

CVS's strategic move to implement the Fresh Start remodel in its stores is a high-risk, high-reward strategy. The success of this strategy will depend on several factors, including the timing of the remodel, the quality of the remodel, and the effectiveness of the marketing campaign.

Business Level Strategy

One of the keys to our strategy is technology, which allows us to focus on constantly improving service and exploring ways to provide more personalized product offerings and services. - CVS 10k report

Our recommendation improves service by facilitating the shopping experience.

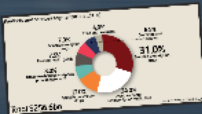
It provides more personalized products and services by having products that can be touched and tested by the customer before purchasing.

New "sections" of the store ease the shopping process.

Conclusion

The "Fresh Start" remodel is a high-risk, high-reward strategy. The success of this strategy will depend on several factors, including the timing of the remodel, the quality of the remodel, and the effectiveness of the marketing campaign.

Product Breadth



- CVS sells over-the-counter drugs, beauty products and cosmetics, photo finishing, personal merchandise, greeting cards and other convenience items.
- 69.5% of CVS revenues comes from the sale of pharmaceuticals.
- 30.5% comes from non-pharmaceutical merchandise.



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Team Members: Alec Brodie, Shawn Doolittle, Derek Monk, Michelle Pailey, Andrew Sayles

We will analyze CVS's current situation and give our strategic recommendation which is to implement the "Fresh-Start" remodel, that will increase revenues and lower costs.



Most important issues to be dealt with

The most important issues to deal with when re-aligning the CVS strategy are:

- Market Entry: CVS is looking to expand into new markets, such as the UK and Europe.
- Customer Segments: CVS is looking to attract a wider range of customers, including those who are not currently using its services.
- Operational Efficiency: CVS is looking to improve its operational efficiency, including its supply chain and logistics.
- Product Range: CVS is looking to expand its product range, including over-the-counter drugs, beauty products, and health and wellness products.
- Employee Turnover: CVS is looking to reduce its employee turnover, which is currently high.



VRIO Framework

- Each strategic resource will be evaluated over the years with respect to its value and rarity.
- CVS is the only company who has the right and the people who have it combined the best of both.
- Difficult to Imitate
- Unleveraged CVS does not have ready to handle the necessary competition.
- Giving CVS only a temporary advantage

What does CVS do?

"CVS/pharmacy is reinventing pharmacy to help people on their path to better health by providing the most accessible and personalized expertise, both in its stores and online at CVS.com." - CVS website

CVS's Corporate Mission

"We're a pharmacy innovation company and every day we're working to make health care better." - CVS



Financial Analysis

"We cannot predict the future, but we can analyze trends"



Implementation

- Start at a select number of pilot and rollout stores.
- Can occur on the stores during hours when the store is closed.
- Only take place in free front-end of the store.
- Does not require structural work by the existing structure.



Roll-out

- Roll-out of the remodel will be done in a phased manner.
- The remodel will be completed by the end of the year.
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Business Level Strategy

One of the keys to our strategy is technology, which allows us to focus on constantly improving service and exploring ways to provide more personalized product offerings and services." - CVS 10k report

Our recommendation improves service by facilitating the shopping experience.

It provides more personalized products and services by having products that can be touched and tested by the customer before purchasing.

New "sections" of the store ease the shopping process.

Conclusion

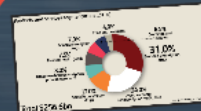
- "Fresh Start" remodel
- Increase revenues
- Decrease costs
- Increase brand value
- Increase customer loyalty
- Increase employee satisfaction

What makes CVS unique?

- CVS differentiates itself for the convenience of its customer.
- The acquisition with Scott's Miracle-Gro, Humana, and Medco.
- CVS is the only company who has the right and the people who have it combined the best of both.
- Difficult to Imitate
- Unleveraged CVS does not have ready to handle the necessary competition.
- Giving CVS only a temporary advantage



Product Breadth



- CVS sells over-the-counter drugs, beauty products and cosmetics, photo finishing, seasonal merchandise, spending cash and other convenience items.
- 69.5% of CVS revenues comes from the sale of pharmaceuticals.
- 30.5% comes from front-end merchandise.



The All-Knighters

Strategic Recommendation: CVS

**Team Members: Alec Brodie,
Shawn Doolittle, Derek Monk,
Michelle Palley, Andrew Sayles**

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CVS's Corporate Mission



- We are:**
A pharmacy innovation company
- Our purpose:**
Helping people on their path to better health
- Our strategy:**
Reinventing pharmacy
- Our values:**
Innovation
Collaboration
Caring
Integrity
Accountability

“We're a pharmacy innovation company and every day we're working to make health care better”-CVS

Modest Case

Sales  2.5%

NPV \$531,506.58

IRR ~ 19% > 6.66% WACC

Item	Price	Quantity	Revenue
1	100	100	10000
2	200	100	20000
3	300	100	30000
4	400	100	40000
5	500	100	50000

Best Case

Sales  3.5%

NPV \$2,919,210.71

IRR ~ 19% > 6.66% WACC

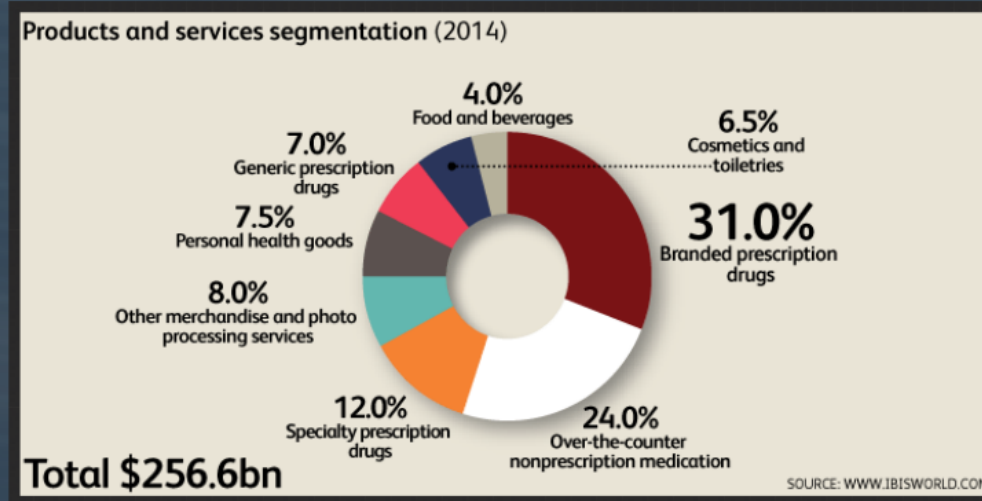
Item	Price	Quantity	Revenue
1	100	100	10000
2	200	100	20000
3	300	100	30000
4	400	100	40000
5	500	100	50000

The background is a dark blue color with several dark grey gears of various sizes scattered across it. Overlaid on this are several thick, bright red circular lines of varying diameters, some of which are partially cut off by the edges of the frame.

What does CVS do?

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What makes CVS unique?

CVS differentiates itself for the Convenience of it's customer:

The acquisition with PBM Caremark

- plan and design administration, formulary management, Medicare Part D

Concentrated on wellness of customer

- Will stop selling tobacco products as of October 1, 2014
- Incorporating a more wholesome food line- Fit Choices

