

LVP

by Lvp Lvp

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Ford's Business Strategy

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SWOT analysis of Ford.

SWOT is an important tool that is used by managers, investors, business developers to assess an enterprise and determine the opportunities, threats, strengths and weaknesses for the need for investment or analysis.

Strengths

Ford automobile Company has some of the best widely recognized automobile brands worldwide. The company brands include the premium sedan cars, Ford F-Series, Sports Utility Vehicles (SUVs), Vans, Buses, full-size pickups that are widely known and consumed. This gives the company a market advantage as compared to its competitors such as Toyota. It has a good brand awareness and over the past it has maintained its top post. At the same time, the company's financial resources fuel the company's marketing efforts as well as high product innovation that propels the market share gain of the company in the automobile industry. The Ford Company boasts of a robust distribution network that ensures that products are made available across the globe (Ford Media, 2017).

The Ford Company has the world's largest distribution network. It has the ability to use its own controlled distributors as well as the independent distributors who distribute evenly the company's brands. This distribution network enables Ford Company to manage costs and introduce more brands into the market at a faster rate that ensures saturation of the company brands to outdo the competitors. This enables Ford Company to reach for new customers in the remote locations. Generally, this distribution network helps Ford Company to increase its deliveries to cover the vast global market presence. Ford has a strong research and development

strategy that is committed to raising the performance of the engines through innovation. The company uses new technology to ensure its products are eco-friendly, light-weighting, and use six-speed transmissions among other factors that enhance customer satisfaction (FStoll, 2017).

Weaknesses

Competition with its rivals is a thorn in the flesh for the company. The market for automobile products would have been fully occupied by Ford Company had it not for Toyota, Mercedes Benz, and other market competitors. This is a market weakness to Ford Company and the company cannot relent. Ford Company is still missing on some points such as the introduction of super brands such as the F-series in the market something that other automobile companies are seriously working on and gaining market share quickly e.g. electric vehicles. This market segment has proved to be a good revenue driver for the competitors such as Toyota (Bunkley, 2017).

Consumers want eco-friendly automobiles that will not put them at health risks such as cancer among other terminal diseases. This might force Ford's loyal customers to look for better alternatives offered by the competitors. Fuel consumption and engine performance of its brands is also a weakness that has caused many management issues. The foreign currency fluctuations lead to the company incurring liabilities in the nations that use other currencies rather than the U.S dollar. This means that the decrease or the increase in the value of the operating currency affects the net revenues of the company.

Opportunities

Diversification is a major opportunity that helps in the amount of offering that a company gives to its customers. This gives Ford Company a competitive advantage from its competitors. It

is one way that Ford Company uses to get better sales and yields and at the same time satisfy customer wants/needs. Ford has an extended reach to the world's population. The company has focused on boosting the wide variety of its business lines with new demands such as China. Developing nations have a high presence of Ford company brands and they are slowly accepting the need for cost-effective automobiles. This will boost the higher consumption of Ford Company quality brands (FStoll, 2017).

On the other hand, Ford is investing a huge chunk of money, \$2.5b. in its manufacturing line to improve on operations and production capacity by over 40%. The company also looks into the improvement of its supply chain movement in order to bring the cost of its brands down. This is achievable through the building of new brands across the world. There is also the need for Ford Company to push its less known product into the market through launches in order to raise their sale volumes and increase revenue (FStoll, 2017).

Threats

Environmental regulations have proved to be a challenge for the Ford Company. As a result of environmental policies that are implemented today to protect the environment, some may not be good for the manufacturing and production of the company brands. Indirect competitors in the market also pose a major threat. They include Toyota, Mercedes Benz, BMW, Honda, General Motors and Volkswagen. They bring big competition to the Ford Company and eat into the market share.

Key forces that affect Ford's choice of strategy

- a) Competitors' forces

Though Ford Company has a large market share in the automobile industry, there is the threat of competitor. The competitor eats into the company's market share as well as the market advantage. Competitors pose a great challenge, which the company has to work out on to avoid being overrun in the market. Some of the competitors include Mercedes Benz and Toyota as well as other automobile production companies in the various parts of the world. The strategy should be crafted and implemented to face the competitor (Caldicott, 2018).

b) Labor forces

Ford Company needs to strategize on labor ⁴ in order for its operations to run smoothly. The production departments have to have the labor workers who are very crucial for the organization to run smoothly. It also needs experts who are important in various aspects such as market analysis in order to be able to analyse the market and ensure that the company remains competitive in the automobile market. Technicians are important as well. They help the Ford Company in the maintenance of company machinery.

c) Customer forces

The customers are very important people needed in running any business. They define the reason why the business/ company is in existence. Ford Company has the best customer base. They appreciate the company's products and services by buying them every time. They are also very supporting in that they give the company suggestions on what they would like the company to produce or add to a particular product niche. This forces the company to strategize on the customer satisfaction in order to keep its loyal customers.

d) Creditors

Creditors are important business partners in any business environment. They help the business to run smoothly by providing financial assistance to the company when the company needs it. Ford Company expansion has been facilitated by a number of creditors who are interested in the company's operation such as business expansion, dividends, and shares. This enables the company to stay competitive in the market without the financial strains that can be rampant without the creditors in place. The company strategizes on good business reputation through reasonable policies in order to attract many creditors who are willing to invest in the company in various ways such as shares (Kiley, 2017).

Internal resources and assets which give Ford a competitive advantage.

Ford Company utilizes its resources maximumly in order to ensure that it gain a competitive advantage in the market. These resources can range from assets to policies enacted. Some of the resources that are available at Ford Company and which I would focus on include;

a. Political resource

Ford's business administration is very crucial in its success. Good management in the administration of the business will have an effect on the business operations. It is important for a business to make no mistake about it. The same will affect the specific policies and the programs as well as laws that directly involve the business. Ford Company puts a lot of interest in its decisions concerning the business administration. This takes care of the business operations that may be affected by the administration changes from time to time. Good business administration enables the Ford Company to compete fairly in the market (FStoll, 2017).

d. Technological resource

It is important for the company to implement the new and modern technology that works better for efficiency in the business operations. Technology also helps the business to cut on operational costs. On the other hand, the business is able to perform its operations within the set time and accurately. It is also easier for the company to perform well if it uses technology in its operations. Ford Company uses the modern technology in its operations. Fast communication is also very important for the company. This is because of the widespread operation points in over 200 countries of operation. This ensures that the business run smoothly and its goals are met. Technology is the way that can see business succeed in the competitive market (Kiley, 2017).

e. Ecological resources

Different policies have been implemented that are aimed at protecting the environment. They require the Ford Company to consider natural environmental factors in their operations. This is one way in which the government can protect the natural resources from damage. This calls for acquisition of business permits in every country of operation by the Ford Company. This means that Ford Company has to comply with different environmental regulations in all stages of business development, which it does perfectly. Ford's business expansion program also put in place all the regulatory requirements so as to compete fairly.

Leadership commitment to implement a strategy

a. Consumer Marketing strategy

In order for Ford Company to increase its customer base, the management system ensures that its brand awareness is maintained. This ensures that the volume of the automobile products sales is very high and the market share too. Well, integrated marketing programs with the

business partners ensure that the market awareness is maintained by creating a product appeal for its products. Ford Company always conducts a developing strategy, packaging research, consumer communication, brand positioning and solicitation of feedback for its brands with an aim of growing in the emerging markets and growing its revenue. The Ford Company also invests in the infrastructure programs that drive the increased access to the target market. When it comes to developing the markets where the company has already accesses the markets, Ford Company focusses on differentiating its brands and meeting the customer needs all the time (Maynard, 2017).

b. Commercial Leadership Strategy

Ford's management focusses on providing long-term solutions to customers in the automobile industry to enhance need satisfaction and customer loyalty. This ensures that Ford Company provides the right product for the right need in the market niche. This helps in maintaining the right value for its products. This helps in building new automobile consumption occasions in the customer outlets throughout the world. Brand building initiatives also help in driving customer preference. The development of commercial initiatives to execute point of sale services has also been implemented (Maynard, 2017).

c. Franchise Leadership Strategy

The company's franchise leadership capabilities ensure that both the company and its bottling partners grow together through aligned incentives, shared values and flexibility to support customers in their changing needs and tastes. The financial health of the company has also ensured that the company is successful in its operations such as marketing and manufacturing. Ford Company business partners also ensure that the company can quickly

achieve efficiencies and scale through sharing the right business practices in the automobile industry. System leadership also works to plan for acquisitions to grow the company's market base and meet the customer needs efficiently. Differentiated automobiles, as well as packaging programs initiated by the company and business partners, ensure that value for products and services is maintained (Caldicott, 2018).

d. Product development

Product development occurs when new products serve existing markets. Ford Company keeps on innovating new products each and every year. The company proceeds to sell the new products in the geographical locations or markets whereby its operations existed before. It's an advantage to the company to reach the customers with new brands.

e. Innovation

Innovation is very key in a company/business. The business environment is changing every day with new products and services, technology and trends in the market system. It is important for the Ford Company to invest in innovation in order to remain relevant in the market and stay competitive. This ensures that rivals don't take advantage (Caldicott, 2018).

f. ² Concentric diversification

Concentric diversification involves the acquisition of businesses that are related to the acquiring firm in terms of technology, products and markets. This means that the parent firm chooses to merge with a firm that is equally compatible with the operations of the both. Ford Company chooses to merge with such companies in order to diversify and reach more customers.

g. Turn around

When a firm finds out that it is not able to meet its objectives or make profits, then there is the need for the company to look back and see what is needed in order to accomplish certain tasks set in its mission. Ford Company management team always keeps evaluating the business progress in order to ensure that all its set strategies are implemented at the right time (Caldicott, 2018).

Challenges in the implementation of strategies by the leadership

There are some few challenges that face the implementation of strategies by leadership. For example;

- The inability of the management to prevent defects in product development

It is important for the leadership to understand the problems that affect production and come up with solutions earlier enough before huge losses occur. Defects cause the company a lot of losses and if the leadership came up with a good strategy that can prevent defects, it would save the company a lot of cash. In China alone, Ford recorded a staggering \$394million loss due to defects and lack of the right strategies to discourage poor results (Geier, 2018).

Current trends and financials

The company revenues have generally increased since 2012. The troubling areas include the cost and expenses, which are high and are eating on the ³profit margin.

Current ratio= $\frac{\text{Current assets}}$

$\frac{\text{Current liabilities}}$

$=115,902/94,600= 1.22$

Cash ratio= $\frac{\text{Cash}}$

Current liabilities

$$=36,476/94,600=0.4$$

The earnings of the company have grown over the past few years and are expected to grow further in the next five years with an annual average of around 5.3%. Sales forecast shows an increase in expected to earn in the future.

Current news about Ford

According to the Ford CEO, Jim Hackett, president's Trump metal tariffs will cost the company \$1 billion in profit. This will force the company to raise the prices of its automobile products causing a major harm to the automobile industry. On another news, a machine learning and deep learning researcher, Gaurav Kumar Singh is now a speaker for Mobility/Detroit.

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