

# Danaher study questions essay

Business



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Study questions: 1) What is your assessment of the Danaher's diversification strategy? How does Danaher create value through diversification and mergers and acquisitions? What concerns do you have with their strategy? 3) What is your analysis of how Danaher manages diversification? 4) What is your assessment of Danaher's approach to post merger integration? 5) What can we learn from Danaher? LVMH: Managing the Multi-Brand

Conglomerate Study Questions 1. What is your assessment of LVMH's diversification? Does it make sense for the company to compete on a scope that includes champagne, jewelry, fashion, cosmetics, and retailing? How does it add value to its different businesses? Is LVMH missing opportunities for synergy between its many businesses? 2. What is LVMH's core competence? How well have they exploited their core competence in their various diversification moves and strategic acquisitions? 3. How well does LVMH manage its diversified empire? Does LVMH do enough to realize possible synergies between divisions? What possible synergies can you identify that LVMH could exploit? 4. Can this strategy be sustained? What would you recommend LVMH do? The Honda Motor company was founded by Shoichiro Honda - a fiercely competitive, self-taught engineer and mechanic. Infamous for antics such as throwing a wrench and hitting a mechanic on the head, and stripping "to the buff" in front of employees prior to assembling an engine, Honda was a mechanical genius with a deep commitment to technological innovation.

His passion for racing translated into a "success against all odds" corporate culture that emphasized and rewarded personal initiative and innovation. Despite Honda's mechanical prowess, the company did not have the basic

elements of a successful business until after Takeo Fujisawa came on board as an investor and general manager in 1949. Fujisawa added the practical business skills and market savvy Honda lacked. He was able to eventually “rein in” Honda and turn his focus from racing to the development of a commercial motorcycle for the Japanese market — the wildly popular Supercub. The revolutionary Supercub was the first motorcycle that was designed to allow the operator to change gears with one hand. The powerful, lightweight and easy to operate machine appealed to the Japanese housewife who needed to have a vehicle to use while carrying shopping bags. (The gasoline shortage in Japan after WWII severely limited automobile use.

) From 1960-1973, the British share of the US market dropped from 49% to 9% - largely due to Honda's entry and the subsequent market transformation from one dominated by heavy, powerful and expensive machines to one characterized by lightweight, reliable, and inexpensive motorcycles. The following excerpts from a BCG report to the British government recount the events of the day and offer an explanation for Honda's success. The mix of competitors in the U. S.

motorcycle market underwent a major shift in the 1960s. Motorcycle registrations increased from 575, 000 in 1961 to 1, 382, 000 in 1965. Prior to 1960 the U. S. market was served mainly by Harley Davidson of U. S. A.

, BSA, Triumph and Norton of U. K. and Moto Guzzi of Italy. Harley was the market leader with total 1959 sales of \$16. 6 million. After the second world war, motorcycles in the U. S.

A. attracted a very limited group of people other than police and army personnel who used motorcycles on the job. While most motorcyclists were no doubt decent people. groups of rowdies who went around on motorcycles and called themselves by such names as " Hell's Angels," " Satan's Slaves" gave motorcycling a bad image. Even leather jackets which were worn by motorcyclists as a protective device acquired an unsavory image. A 1953 movie called " The Wild Ones" starring a 650cc Triumph, a black leather jacket and Marlon Brando gave the rowdy motorcyclists wide media coverage.

The stereotype of the motorcyclist was a leather jacketed, teenage troublemaker. Honda established an American subsidiary in 1959 American Honda Motor Company. This was in sharp contrast to other foreign producers who relied on distributors. Honda's marketing strategy was described in the 1963 annual report as " With its policy of selling, not primarily to confirmed motorcyclists but rather to members of the general public who had never before given a second thought to a motorcycle." Honda started its push in the U. S.

market with the smallest, lightweight motorcycles. It had a three speed transmission, an automatic clutch, five horsepower (the American cycle only had two and a half), an electric starter and step through frame for female riders. And it was easier to handle. The Honda machines sold for under \$250 in retail compared with \$1, 000 \$1, 500 for the bigger American or British machines. Even at that early date Honda was probably superior to other competitors in productivity.

By June 1960 Honda's Research and Development effort was staffed with 700 designers/engineers. This might be contrasted with 100 engineers/draftsmen employed by . . . [European and American competitors]. In 1962 production per man year was running at 159 units, (a figure not reached by Harley Davidson until 1974). Honda's net fixed asset investment was \$8, 170 per employee .

. . . (more than twice its European and American competitors). With 1959 sales of \$55 million Honda was already the largest motorcycle producer in the world. Honda followed a policy of developing the market region by region. They started on the West Coast and moved eastward over a period of four five years. Honda sold 2, 500 machines in the U.

S. in 1960. In 1961 they lined up 125 distributors and spent \$150, 000 on regional advertising. Their advertising was directed to the young families; their advertising theme was " You Meet the Nicest People on a Honda." This was a deliberate attempt to dissociate motorcycles from rowdy, Hell's Angels type people. Honda's success in creating demand for lightweight motorcycles was phenomenal. American Honda's sales went from \$500, 000 in 1960 to \$77 million in 1965.

By 1966, the market share data showed the ascendancy of Japanese producers and their success in selling lightweight motorcycles. [Honda had 63% of the market.] .

. . . Starting from virtually nothing in 1960, the lightweight motorcycles had clearly established their lead (Purkayastha, 1981: 5, 10, 11, 12). The Japanese motorcycle industry, and in particular, Honda, the market leader <https://assignbuster.com/danaher-study-questions-essay/>

present a [consistent] picture. The basic philosophy of the Japanese manufacturers is that high volumes per model provide the potential for high productivity as a result of using capital intensive and highly automated techniques. Their marketing strategies are therefore directed towards developing these high model volumes, hence the careful attention that we have observed them giving to growth and market share.

The overall result of this philosophy over time has been that the Japanese have now developed an entrenched and leading position in terms of technology and production methods.... The major factors which appear to account for the Japanese superiority in both these areas are specialized production systems, balancing engineering and market requirements and the cost efficiency and reliability of suppliers (BCG, pp. 59, 40).