

# Gm swot analysis



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### GM SWOT Analysis General Motors

Corporation commonly known as GM is an American automobile company founded in 1908 and headquartered in Detroit, Michigan. It manufactures its trucks and cars in 35 different countries. The various brands under GM are Buick, Cadillac, Chevrolet, Hummer, GM Daewoo, Pontiac, Saturn, Saab, GMC, Holden, Opel and Vauxhall. As of 2008, it was the 9th largest publicly traded company in the world.

## **1. Strengths**

The various strengths of General Motors are as follows:

### 1. 1 Large Market Share Although

GM's market share in US has dropped it is still very competitive at 26%.

Their market share in the Chinese market has been steadily increasing and if right decisions are made it can easily be the automobile leader it once was.

### 1. 2 Global Experience

GM has been a worldwide company and has established itself as a global leader in many countries. Though its market share in US is declining it can improve its overall market share by expanding globally. They already have the experience in global markets, they now only need to plan and properly implement their expansion.

### 1. 3 Variety of Brand Names

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GM has been the automotive leader in the world and one of the reasons for it is the wide variety of quality brand names which caters to different target markets. Some of the GM brands include Cadillac, Buick, Saab, Chevrolet and Hummer.

1. 4 GMAC Customer Financing Program Since its establishment in 1919 it has proven to be GM's most reliable source of revenue.

1. 5 OnStar Satellite Technology OnStar is a subsidiary of GM that provides subscription-based communications, in-vehicle security, hands free calling, turn-by-turn navigation, and remote diagnostics system which is a feature in all GM vehicles. Also you can read this paragraph – “ Define Swott Analysis“.

This technology allows the vehicles to be tracked in the event of an emergency or theft. It also provides driver or passengers the ability to communicate with OnStar personnel on the click of a button.

## **2. Weaknesses**

The various weaknesses of General Motors are as follows:

2. 1 Behind on Alternative Energy Movement The alternative energy/ hybrid trend has started to grow in the automobile industry and GM has been behind in the competition in this regards. For any automobile company to be successful it is important to be fuel efficient and hybrid friendly.

2. 2 Poor Organization Structure GM's organization structure is too vertically integrated which is one of the reasons for lack of communication between employees from top to bottom.

2. 3 Stagnant Profitability GM has been struggling with their profits mainly due to the size of the company. The ROE has drastically declined and shareholders will never be pleased about it.

2. 4 Overly dependent on US Market GM is heavily dependent for its sales on the US Market but it needs to expand and grow globally and not rely heavily on US.

2. 5 Overly dependent on GMAC Financing Over dependency on GMAC financing for their financing needs is not good to compete with other automobile companies.

### **3. Opportunities**

Some of the weaknesses of GM are really not weaknesses they can be looked at as opportunities on the positive side.

3. 1 Alternative Energy Movement GM has been behind with regards to research and development of Hybrid vehicles. However hybrid technology is still very new and it gives GM the opportunity to be the leader in innovation and technology.

3. 2 Continuing to Expand Globally GM has seen an increase in the Chinese automotive market which proves that they need to emphasize more on the foreign markets to grow and be more profitable.

3. 3 Develop New Vehicles, Styles and Models GM needs to come up with new vehicles, styles and models as what is new today will be old tomorrow so it is very important to keep introducing new vehicles with different styles and enhancing their existing models.

3. 4Low Interest Rates The low interest rates can help to increase sales.

4. Threats GM is faced with few threats that are mentioned below

4. 1Rising Fuel Prices GM is a large producer of both trucks and SUV's, but sales has drastically reduced due to the lack of fuel efficiency in the cars sold by GM. Due to rising fuel prices consumers are looking at Hybrid and more fuel efficient cars.

4. 2bGrowth of Competitors GM is no longer the leader in the automotive industry. Toyota took the initiative of introducing the hybrid technology which helped increase its market share.

4. 3bPension Payouts Increasing number of employees retiring has become a great concern for GM as it has to shoulder the burden of paying the employees' pension which it had introduced long ago when the company was small and number of retired employees was very few.

4. 4bIncreased Health Care Costs GM is experiencing a large financial hit due to the increased health care costs which is growing year after year.

4. 5bRising supply costs The rising supply cost of steel is affecting all automobile companies which forces GM to cut manufacturing and production costs without compromising on quality of the cars