

# Micro environmental analysis case study

[Environment](#), [Environmental Study](#)



## **Executive Summary**

Enterprise Company is a rental car company that prioritizes customer service and satisfaction in order to grow its profits. It operates in five countries. It offers a wide range of services to both its corporate and individual clients.

The company has a sound management system and decision-making system. Its services are also geared towards environmental conservation with its fleet of environmentally friendly cars. It monitors customer satisfaction closely and use it as a basis of promoting its employees.

Feedback that is obtained from its clients is used to improve the services of the company. The company also seeks to create value by being responsive to clients, having a decentralised organisation system and an employee promotion system that is solely based on the work done by the individual employees. The employee selection criterion is also very important to Enterprise. As a result, its interviews are based on behavioural patterns.

Enterprise's employees are thus very marketable throughout Western Europe and North America.

The customers of Enterprise are drawn from a wide range of environments.

Their socioeconomic status, occupation and geographical location varies greatly. Enterprise seeks to serve these varied customers through the services it offers. The services it offers include retail rental services, replacement services, fleet management and business rentals. Enterprise also acts as a one stop shop for its corporate clients. The competitors in the industry have also being crucial in determining the direction that Enterprise takes. Its main competitors, Hertz and Avis, have been in the industry for a long period and match Enterprise in terms of skills and experience.

Enterprise began airport services as a result of similar services offered by Hertz and Avis.

The global economic environment also affects business at Enterprise as well as the entire industry. The economic environment is very unpredictable and thus it is very hard for managers at Enterprise to make decisions based on it. They, however, undertake risk mitigation measures to ensure that the company is not affected adversely by prevailing economic conditions. Other macro environmental factors that affect Enterprise include global oil prices and political activities in the countries in which it operates.

The company has services that are customer-oriented. It is the largest rental car company in the country. It prides itself in listening to its customers and responding to their demands. The company is privately-owned. When it began, it began as a car-leasing business mainly catering to businesses. It offered local services. They had a service where they picked up their customers for free. The company began serving airports in 1995.

Enterprise also has a customer service measurement tool so as to have the best form of customer service. This tool is called the Enterprise Service Quality Index. The company surveys random clients on the service they have received from the company. Each branch of the company should maintain a satisfaction rate of 80%. These satisfaction ratings are used to decide on bonuses given to the manager and promotions for the staff of the branch. The decision making framework within the company is very important. The managers in the company are able to identify threats and opportunities and respond to them within the scope of the organisation's goals. The four stages of management function include planning, organising, leading and

controlling. The managers should be able to recognise the need for a decision in order for the four managerial functions to be followed. The managers also learn from feedback. It helps them to learn from their successes and failures.

The decision making process is important when it comes to value creation. Enterprise is able to create long-term value by being responsive to its clients. It achieves this mainly through its decentralised organisation structure. This structure allows decision-making to be done at the lower levels hence the decisions are made fast without having to go through many people and stages. This removes the bureaucracy that is associated with many companies.

Enterprise puts customer service as its foremost economic driver, even before profits. By doing this, the profits are purely brought about by client demand and Enterprise's response. The higher the quality of customer service, the higher the profits. This approach is justified by Enterprise's positive growth since it was started. Enterprise's promotion policy also creates long-term value. All the operational positions in the company are filled by employees of the company and not outsiders. Additionally, all managers begin as management trainees and work their way up. In this way, employees are inspired to work hard knowing that their past deeds will be used to promote them in the future. This helps in the long-term value creation process.

The interviews that are conducted by Enterprise are fully based on behavioural patterns. How employees conduct themselves in front of clients and towards clients is very important. The company carefully selects its

employees to ensure that a strictly high standard of qualification is met. This in turn translates to high quality services offered to clients. As a result of this stringent selection criteria, the staff of Enterprise are able to seek any position in their respective fields all over Western Europe and North America.

## **Macro environmental analysis**

For the company, the expectations of its clientele have been the driving force behind its success. The customers of the company require an assortment of services ranging from retail rental, replacement services, fleet management and business rentals. The replacement service is the most common service sought by the clients. It seeks to serve those drivers who have been involved in accidents in the past. The retail rental service is used by clients who mostly require cars for business trips, vacations, or for use while their cars are being repaired.

The clients vary greatly in their occupation, socioeconomic status and geographical location. Their demands depend on social and economic shifts and global trends. Such trends include fuel efficiency and alternative fuel use. Enterprise is located in five countries. This translates to cultural and political barriers that the company has to overcome to offer quality services to its clients.

## **The company also seeks to protect the environment by encouraging its clients to use the environmentally friendly services.**

Businesses will require all-inclusive services. They will desire a one-stop shop for all their needs. Enterprise does this remarkably. It provides the damage waiver the vehicle collision/bodily injury coverage. They also help reduce the

cost of owning a fleet of vehicles with a variety of affordable rates for businesses.

The entry of rivals like Hertz and Avis in the industry has also affected the services offered by Enterprise. Fleet management was set up to offer unique services from its competitors. The program involves services like vehicle licence and registration management, nationwide usable fuel cards, maintenance management and mileage reporting features. These mileage reporting features allow the users to be able to discern between the personal and business mileages. This fleet management program is unique to the company and it has helped Enterprise earn considerable revenue compared to its competitors: Hertz and Avis.

The competitors also contribute to the driving force of the company. Majority of the competitors offer similar competitive services to those offered at Enterprise. In order to distinguish Enterprise from its competitors, it builds on its competitive advantages. Enterprise also adapts the thriving services in competitor companies in order to stay at par with competition. For example, they decided to start airport services as a result of similar services that had been successful in Avis and Hertz.

Indirect forces that affect the business include global factors and the economy. Such forces should be responded to appropriately and in a timely manner. Economic conditions influence all the players in the industry and the marketplace in general. For managers, these forces are harder to tame because they are unpredictable. Enterprise must respond to these economic forces in a manner that will shield the company from harm and give it an edge over its competitors. When the unemployment rate increases, the

disposable income also decreases and this will impact negatively on the business. The number of clients will decrease and if Enterprise does not undertake risk mitigation measures, it will be severely affected. Measures that can be taken include reducing the charges on its services so that more clients can afford the services, like a cheaper weekend rate, and increased advertising to attract a wider range of clients.

The company also monitors what is happening to the industry and makes changes accordingly. Insurance companies may decide to revise their policies and this will affect business. Political activities can also influence the business of the company. Local upheavals will lead to uncertainty in the market leading to reduced client numbers. Events such as the recent government shutdown will also lead to lower numbers due to uncertainty. Uncertainty about oil prices and its availability impacts business. Since most of the cars still use fuel, the rising cost of oil prices increases the cost of doing business and this reduces the profit margins.

## **References**

Turner, P. R., & Mujtaba, B. (2011). CASE 1: ENTERPRISE RENT-A-CAR – A MARKET-DRIVEN COMPANY. Southeastern University.