

Haier mgt6204 – managing organization

Business, Organization



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1. 0 Introduction

1. 1 Executive summary

With the acceleration of global economic integration, the increasingly fierce market competition, market environment is more complicated and changeable. At home and abroad economic of rapid development, expansion of the enterprise and the bankruptcy of enterprise exist at the same time, the survival of the fittest, polarization is very obvious. Enterprises seek survival and development in the complex environment, strategic management is indispensable, strategic management is to focus on the long-term, overall planning and made to adapt to the internal and external situation. Strategic management is correct or not, related to the enterprises in market competition the decline and death. It is pointed out in the competitive environment of enterprise survival and development direction, and then decides the most important content and competition.

1. 2 Objective of the report

The objectives of this report are:

To discuss the nature of strategic management.

To illustrate the concept of strategic management using Haier Company, which is a home appliance company in China.

1. 3 What is strategic management

Strategic management is a comprehensive collection of activities and processes, organizations use the system to coordinate and adjust the resources and action throughout the organization with the mission, vision,

and strategy. Strategic management activities into a system of static program provides strategic performance feedback to the decision-making and support demand change and other environmental development growth.

Last, we should know strategic management process. The strategic management process is a six-step process that encompasses strategy planning, implementation, and evaluation. Every step is very important.

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Source: Stephen P. Robbins and Mary Coulter, Management, 2007

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2. 0 Example of strategic management: Haier

2. 1 Introduction of Haier

Haier is a Chinese multinational consumer electronics and home appliances company headquartered in Qingdao, Shandong, China , the incumbent chairman of the board and CEO is Zhang ruimin who is the main founder of Haier. Nowadays, Haier has five global r&d centers in China, Asia, the Americas, Europe, Australia; establish 21 industrial parks in all over the world such as the United States, Europe; set up 61global trade companies in the world; build 143330 sales outlets, and more than 80000 employees around the world. In 2012, the global turnover of Haier group is163 billion yuan. In 2012, the brand value of Haier is 962 billion yuan, the most valuable brand in China for consecutive 11 years. Haier actively fulfill the socialresponsibility,

has built 164 hope primary schools and one hope high school, and madesciencecartoon " Haier brothers". In 2008, Haier is the only global home appliances sponsor for Beijing Olympic Games.

2. 2 The mission and vision of Haier

2. 2. 1 Haier's mission

Haier's mission is in order to improve the quality of life, and focus on customers' needs. Haier's success is the simple and ambitious idea, undertake specific forms of attention to research and design, with the greatest respect for consumers and the environment. The Group's philosophy is create electrical and electronic appliances intended to simplify the everyday life of families. (Hitt. Ireland ; Hoskisson 2006)

2. 2. 2 Hair's vision

Haier's vision is that every time people mention or see " Haier", they are filled with great warmth and happiness. Haier employees will be in mood and vitality to create value for the customer at the same time manifest its value; Haier group will create global brand and achieve excellence for shareholders, social returns. (Hitt. Ireland ; Hoskisson 2006)

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2. 3 Strategic management of Haier

Haier as China's world famous brand that is our pride, it can in a short period , from a failing refrigerator factory developed into the world's fourth largest white goods manufacturer, this is the miracle of Chinese enterprises. Haier has experienced five stages in the development process: the brand building

strategy stage(1984-1991), the diversification strategy stage (1992-1998), the international strategy stage (1999-2005), the global brand strategy stage (2006-2012), the networking strategy stage (2012-present) at every stage of Haier has its own way of building itself, to win in the fierce competition in the home appliance industry!

2. 4 Haier's strategic management analysis

2. 4. 1 The brand strategy stage

First of all, Haier makes PEST analysis

PEST analysis refers to the analysis of the macroeconomic environment, P is political, E is economic, S is social and T is technological.

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The political environment:

In 1984 , Qingdao refrigerator factory(Haier) is one of many refrigerator

enterprises, when China's political stability, national political life as the goal to develop economy, the development of enterprise, especially the government provides necessary policy financial support for the development of state-owned enterprises, 4

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and also help in tax policy. At the same time because the market economy system is not perfect, the market has certain confusion, and household appliance industry is not standard.

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The economic environment:

In a period of rapid development of the national economy, improve the people's

living level constant, governable income has increased greatly, urban residents have a strong desire for consumption and eager to improve their standard of living. At the same time the social economy is also facing the pressure of inflation. ?

Social environment:

Because of China's economic policy is to let some people get rich first, and drive

the another part of people get rich, so there is a gap between the rich and the poor, and in the region have distribution relationship: in general the standard of living of people in coastal areas than in mainland , the living level of urban residents is also higher than rural , population mobility is still in the medium level, the number of migrant workers is increasing. After everyone becomes rich, they want to improve their standard of living, but people's values do not change, the consumption level is relatively low.

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Technologyenvironment:

Government focus on manufacturing industry more and more high, because of

China's enterprises belong to labur-intensive enterprises, in the lower part of the technical processing, agent processing, low level of technology, labor

productivity is low, the low level of technology development, new product development speed is also slow.

Through PEST analysis, Haier, at present the main difficulties are: factory's technical level is low, low technological level, and does not guarantee the quality of its products, the company's financial support is not stable, the market competition is intense, Haier's products do not have advantage in the industry, visibility is not high, at the same time recognized occupation accomplishment is relatively poor. So Haier makes the following strategies:

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The high standard of quality management:

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High standards of quality have a high standard of technology and high standard of staff.

High standard of technology: Haier refrigerator factory is introduction of technology of Germany Liebherr in 1984 . Through the introduction of technology, Haier level of production technology has improved to a great extent, refrigerator quality has been the technical assurance, at the same time relative to a certain technological advantage in the industry.

High standards of staff: Zhang Ruimin who is Haier's CEO by " smashing refrigerator" let employees aware of " quality is the life of enterprise" meaning, so that employees operating carefully in every aspect of production, " zero defect" into all the staff of the desire and action. To make their work better and strengthen the sense of responsibility.

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To adhere to playing their own brand

Haier brand strategy: adhere to play their own brand. Haier thinks that enterprise

to become a world famous brand, can obtain excess profits in the international market, to a solid foundation for the internationalization of enterprises and long-term development.

In insisting on playing their own brand, Haier faces the test of time and money. For the home appliance industry competition is intense, Haier brand awareness is not high, so to become famous for a long time, Haier by improving their product quality and good service, to establish a good image in the minds of consumers, to lay a good foundation for the formation of brand effect Haier.

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Value rather than price

In order to maintain the Haier brand, Zhang Ruimin puts forward, the product of

Haier's value rather than price.

Based on some product price increases, make people feel Haier products out of the ordinary, there is a high value products, but will affect the Haier's market share to a certain extent, but helps to establish a high-end brand image. By improving the quality and function of products, so that consumers feel buy Haier's products that is valuable, also helps to set up the Haier brand. 6

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Brand promotion and extension

Haier is no longer refrigerator manufacturer's trade name, it is a rich connotation

of the brand. Haier brand strategy is not only that it pays attention to improve the quality of products, it is more attention to improve the product's perceived quality, which is the product of high quality information to consumers through various channels, to become a consumer's personal feelings and beliefs, which set up a high quality brand image in consumer's mind.

2. 4. 2 The diversification strategy stage

Through the development of brand strategy stage of the first phase, Haier has a good brand image, Haier is a representative of the refrigerator in the eyes of consumers, and Haier brand competitiveness provides a guarantee for expanding the scale of production.

The SWOT analysis of Haier

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Strengths

Through the first phase of the development of Haier has a good brand image,

consumers of Haier's recognition is growing, which makes the Haier relative to other enterprises with a competitive advantage. After several years of development Haier funds obtained accumulation, have sufficient funds to

complete some scale expansion. In the aspect of technology, through the introduction of technology, and technology innovation, Haier has independent development ability, productivity is improved, so it has cost advantages.(Hartline & Ferrell 2008)

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Opportunities

From 1992 to 1998, China's economy has been further development; the domestic economic situation is excellent, expansionary monetary policy that provides adequate funding support for Haier. With the improvement of people's living standard, the disposable income is increased, which also provides more opportunities for Haier.(Hartline & Ferrell 2008)

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Weaknesses

Haier after several years of development into a professional enterprise of 7

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domestic, expand the size of the company, so there is some confusion on management, organization structure is not clear. Because of the introduction of foreign technology, so the lack of independent intellectual property rights, research and development efforts is not enough. At the same time, because it is specialized in the production of refrigerator enterprises, the Haier products range is narrow.(Hartline & Ferrell 2008) ?

Threats

The strength of the manufacturers have been more active in China, the brand is

also favored by consumers, and more attractive than Haier. Because of the intense competition of products, price also has a large degree of decline, but the consumer's preference is changed, the function of the product and the appearance of product have high demand.(Hartline ; Ferrell 2008)

Through the analysis of SWOT, the diversification stage of Haier achieved success through the following strategies:

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A single product -- white household appliances

Through mergers and acquisitions, Haier gets success, and it set up a "shocked

fish" approach that is very useful, the so-called "shock fish" refers to hardware condition of enterprise is very good, but management is not clear. Due to confused management, it is behind other companies, once it has a set of effective management system, it can become better. This merger will not drag enterprise, just wake up this "shocked fish" that will bring the profit to the enterprise. ?

White household appliances -- Black household appliances

Haier begin production of color TV, VCD and other products, it officially enter the black appliances. Through continuous mergers and acquisitions, Haier achieved its expansion, Haier products are abundant, it can provide almost

any appliances that consumers want , diversification makes consumers have more choices to Haier ?

OEC management mode (O-Overall? E-Every? C-Control; Clear)

Haier through OEC management mode to pay close attention to market, improve

the target, and insist “ Never leave today's work for tomorrow”, which can greatly enhance the productivity, and form the good enterpriseculture.

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2. 4. 3 The international strategy stage

Through the second stages of the development of Haier, comprehensive strength of Haier has been further improved; Haier brand has been more widely recognized. Haier’s goal is international strategy.

Porter’s five forces of Haier ?

Industry rivalry

Haier will face massive force from stronger enterprises, Europe and the United

States home appliance giant not only have high popularity, but also have high quality . Haier wants to enter the local market with considerable resistance. The local market is already saturated, Haier faces competition will be quite large, and the US and European consumers of Haier’s brand awareness is low.

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Threat of new entrants

Due to enterprises have big funds in Europe and America, and they entered the

home appliance industry will be very easy, and they have the geographical advantage, the local government in normal will be more inclined to them. ?

Threat of substitutes

Because of update of home appliance product is very faster, potential substitutes

is too much, which will bring enormous pressure on marketing of Haier. ?

Bargaining power of suppliers

The supply channel of Haier is not stability, and suppliers want integration development.

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Bargaining power of consumers

Haier's main market is Europe and the United States, and European and

American consumers on product requirements are higher, not only the quality, but also in energy-saving and environmental protection. So Haier need produce better products, at the same time, there are a lot of other businesses, maybe the buyer transfers to other businesses.

Haier uses “ localization mode” strategy:

First Haier enter the developed country to crate its famous brand , then Haier 9

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enter the developing countries gradually , and Haier sets up design, manufacturing and marketing as " The Trinity" localization mode. Haier implement " market chain" management, taking the computer information system as the foundation, information flow to orders for the center, drive the logistics and capital flow operation, implementation of business process reengineering.

2. 4. 4 The global brand strategy stage

Through the implementation of strategy of the third stage, Haier has entered the European and American markets, established its position, and get more local consumer recognition. After the international strategy stage, Haier truly become a Chinese world famous brand. Haier will enter the global brand strategy stage after 2006.

The SWOT analysis of Haier
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Strengths

First of all, Haier has become a famous brand in the Chinese market, and in the

international market has its own position. Secondly, Haier's many management caused the attention of the management of the international community. Next , Haier has advanced technology Finally, Haier has good corporate culture and its employees have high quality.

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Weaknesses

First of all, Haier has high requirements to suppliers, sometimes Haier's information and supplier information are inconsistent, and resulting in some information can not be shared. Secondly, Haier speed up the process of internationalization, the internal management of enterprises is not perfect; the enterprise internal organization is confused. Thirdly, Haier only pay attention to talents' knowledge, ignoring the ability of talent.

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Opportunities

First of all, with the trend of internationalization is more and more strong, Haier

is facing great opportunities. Development opportunities of Haier are to grasp the chances, to keep pace with the times, to innovate. Secondly, the development of the 10

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Internet and the acceleration of economic globalization that will bring tremendous opportunity to Haier. Next, Haier has big supports from the government. ?

Threats

First of all, Haier has many strong competitors, such as Panasonic, Siemens and

so on. Secondly, some countries have protection policy to local brands. Third, the foreign customer loyalty of Haier is not very high.

Haier is consolidating global resources and creating a global brand. In this phase, the business mode created by Haier to develop consumers in the Internet era is a “ Win-win

Mode

of

Individual-Goal

Combination”.

“ Win-win

Mode

of

Individual-Goal Combination” refers to let the employees and customers to form a entirety, the staff create value for customers, also can reflects the value of their own. Before employees served enterprises, now the employees serve customers. Haier’s T mode ensure that the “ Win-win Mode of Individual-Goal Combination” is propitious progress. T mode means Time, Target, Today, Team. One team should have clear target to serve customers on time, and finish tasks in the same day.

2. 4. 5 The networking strategy stage

Haier makes a change in the third industrial revolution, with " no successful business, only in the era of enterprise" concept, to meet the needs of personalized production, the realization of strategic network based, and reflect on the network, there are two major parts: network marketing and network enterprises. Network market, user network, and network marketing

system, there are very important. The networked enterprise can be summarized as three "none": borderless enterprises, namely type platform team, according to the single separation; Management without leadership, namely, dynamic optimization of single since the drive; Supply chain scale-free, such as, mass customization, on-demand design, on-demand manufacturing, on-demand distribution. (Kotler ; Armstrong 2005)

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3. 0 Evaluation of Haier's strategic management

In my opinion, Haier is a miracle, this is like our China's economic take-off.. Haier analyzes the internal and external environment, it can know What are the benefits, what tasks to complete, what things to be improved, when should be finished, what talents to need and next stage what should do. Then Haier can make correct strategic decision in different stages. Haier gets success through this way in the fierce competition twenty-first Century.

Haier's strategic management has many places that are worth to us reference. Firstly, Haier's strategic management divide some stages, and manage strategy with effective plan. In every stages, Haier has clear goal that can guide it forward a right way, so the strategies of Haier are very effective. Secondly, never satisfied with present success, Haier will continue to update his business model, continuously meet customer demand, and forecast the future market. Thirdly, speed up market commercialization of innovative ideas. Nowadays, innovative ideas are

strategically important. Finally, to learn how to manage ideas and knowledge professionals better, all of inside and outside your company.

However, through the understanding of haier's strategic management, I will give Haier Company some recommendations. Firstly, get up-to-speed with the latest economic, political and social landscape in China. Secondly, develop a top- line personalized plan for action for your company which will be assessed and challenged by Chinese CEOs and knowledgeable China experts. Finally, enhance the core competitiveness of company. Haier committed to the development of the company's core competitiveness in order to find a foothold in the international market.

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4. 0 Conclusion

From ancient to modern times, good strategy is very important for an organization. One good strategy can help organizations live better. In today's world, the rapid development of high technology, the accelerated pace of economic globalization and political economy has a new trend of development at home and abroad. We cannot ignore the importance of strategy for enterprises, People realized that the fundamental guarantee of the enterprise long-term vitality is strategic management. Enterprise survive in the market fierce competition, we must develop a reasonable business strategy, only do a good job of enterprise strategic management, we can ensure the healthy and sustainable development of the enterprise. I believe that Haier's miracle also bring us many other enterprises inspiration and

courage, we have enough reason to believe our country will have next "Haier" to the world in the near future.

Anyway, as long as the enterprise can develop the right strategy, and have a good strategic management, the enterprises can healthy development

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