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[Business](#), [Company](#)



\n[toc title="Table of Contents"]\n

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1. [Abstract](#) \n \t
2. [Part 1](#) \n \t
3. [Weaknesses](#) \n \t
4. [Opportunities](#) \n \t
5. [Threats](#) \n \t
6. [Part 2](#) \n \t
7. [References](#) \n

\n[/toc]\n \n

## **Abstract**

This paper presents Procter & Gamble SWOT analysis and application of turnaround strategy. Turnaround strategy is a new rehabilitation procedures aimed at overcoming the financial crisis of the debtor and providing the opportunity to pay debts in accordance with the procedure provided for in the approved schedule and receive funds from sources identified as recovery plan.

## **Part 1**

Procter & Gamble SWOT

Strengths

Stable position in the market of household chemicals. The company held a series of cost-cutting measures, P&G has launched new brands, which allowed it to successfully pass through a period of recession in the US economy. Procter & Gamble is a diversified company with both a geographic

and from a business perspective.

Quality control at all stages. The foundation of company's superiority over the competition were created by usage of technologies. The work of the company is based on scientific research and a desire to learn the needs of consumers. Thanks to good contacts with consumers Procter & Gamble identifies problems early and monitors new trends in the market. In addition to testing P&G carried out field research, observing the daily life of its customers in their homes.

Competitiveness and high quality products. Scientific and technical progress has a great impact on the production process, quality and product features. The main innovation of the industry are part of an innovative product, gives it new properties and qualities.

## **Weaknesses**

Vertical management hierarchy. It requires the formation of the intermediate levels of government to coordinate the work of departments, groups, etc.

Duplication of management functions at various levels in the long term has led to increased costs for maintenance of the administrative apparatus.

The relative high cost of goods. Competitors can provide similar products at lower prices. This can lead to reduced profitability and sales activities and increased costs.

Late globalization. The strategy involves the integration of world globalization strategies, focusing on similar characteristics of consumers and their preferences. Now P&G tend to choose a universal target segment in all countries of the world and carry out a strategy of standardization and globalization, a single marketing approach when promoting a product to the

consumer. They prefer to follow global trends by standardizing the components of the marketing mix in international activities and at the same time remain committed to local tastes, adapting them to the international marketing activities.

## **Opportunities**

P&G is working for the future, what distinguishes this company from the many companies prefer short-term benefit of investing in the future. The company continues to invest in the modernization of its production facilities and modern technology. The Procter & Gamble attention on achieving the planned indicators of profit and business growth.

The successful development of fast-growing emerging markets will make the company more dynamic and provide the revenue growth in the near future. Further growth in living standards in developing countries will help to increase sales of funds for the care of skin and hair, as well as objects and means for child care.

## **Threats**

Legislative regulation. States may carry out protectionist policies, thus adjust the price in different ways. So P&G is trying to actively cooperate with the authorities: sponsoring electoral campaigns, support a variety of programs in the cities and so on. That is, the company prefers to build a network of subjects, where it invests, so that, if necessary, and then get dividends in the form of reciprocal support.

Changes in customer preferences. The degree of cultural society has an impact on the level of consumption of products. In developed countries,

consumption of products of the company is higher than in developing countries, so there is a different culture rooted home care, as well as the body. In developing countries, this culture is still underdeveloped.

## **Part 2**

One of the key turning points of the financial recovery is the process of forming a new enterprise management system. The company was primarily aimed at the implementation of the plan, an increase in volume. In a market environment any businesses must be reoriented to meet the needs of the market, increase profits and efficiency. The object of turnaround strategy was ROK which is the largest construction company. “ Corporate decline generally does not stem from a single factor; it results from an accumulation of decisions, actions, and commitments that become entangled in self-perpetuating workplace dynamics” (Kanter, 5). In this company the old model of management has been focused not on the external economic environment and the actions of the parent bodies (ministry, central board, association). ROK assumed stable operation, the production of the planned production, cruel building internal structures and performance of assigned functions, guaranteed sales at relatively difficult to obtain additional resources. “ As the company started to decline to an impending death, there was obviously, no right leadership present to turn-around the giant” (Jagafa, Wood, 4). The focus was on short-term results at the expense of long-term activities. A characteristic feature of the top leaders was overloaded decisions about the prevalence of short-term interests over strategic objectives. in the process of restructuring is necessary to radically transform and, in fact, to create a completely new production and management

structures, systems and management methods, radically different from the past, which formed even in the conditions of the pre-crisis economy. A key objective of ROK's turnaround strategy implies development of new markets in which the software implemented measures for the marketing. The development of new markets is carried out both through the promotion of new territorial markets of traditional products, as well as through the development of new products to enter new product markets. Both directions entail the solution of the problem of improvement of quality of products and reduce resource consumption on the basis of technological upgrading. An important area of turnaround strategy, ensuring the implementation of active strategies is to change suppliers. On the one hand, this is a consequence of the increased demands on the quality of traditional products, including the quality of components, materials and raw materials, development of new products and the discontinuation of unprofitable products, and on the other it implied measures to reduce energy consumption. One effective way of updating the material and technical base of ROK is a lease that does not require a one-time full payment of the leased property and serves as a type of investment. The use of accelerated depreciation on leasing operations can quickly update equipment and conduct technical re-equipment. Attracting loans to profitable projects that can bring high profit enterprise, is also one of the reserves of financial improvement of the enterprise. This also contributes to the diversification of production, and in key areas of economic activity that forced the loss of one of the areas covered by the profits of others. Reduction of the deficit on equity can be achieved by accelerating its turnover by reducing construction

time, production and commercial cycle of excess inventory balances, work in progress and so on. Reducing the cost of maintenance of residential buildings by transferring them to the municipal property and promotes a rush of capital into the mainstream. In order to reduce costs and improve the efficiency of primary production, in some cases it is advisable to give up some activities serving the main production and go to the services of specialized organizations.

ROK makes a profit and is thus unable to pay, so the company needs to analyze the use of profit. Significant contributions to the fund in terms of consumption of insolvency can be regarded as a potential reserve replenishment of working capital. The lack of preventive action by the ROK, both for the development of new products, and to reduce the resource intensity of production increases the risk of loss of existing competitive advantages in a liberalized trade policy and internal market. Radical transformation in technology, mobilization of all, not only technical but also organizational, economic and social factors create the conditions for a significant increase in productivity. ROK will provide the implementation of the latest equipment and technology, is widely used in the production of advanced forms of scientific organization of work, improving its valuation to achieve growth of cultural production, strengthening of order and discipline. Other important factor to intensify and improve the efficiency of production enterprises is the save mode. Resource must become a critical source for meeting the growing demand for fuel, energy and raw materials.

## **References**

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