

Proton college essay



The asset turnover ratio is to measure the efficiency management of asset in generating income. Proton had no significant different in this ratio from 2005 to 2009. All in all, from a financial analysis perspective, Proton management not do a good job. After all Proton gone through, joint venture, controlling stake, Proton still considered as infant industry by our government that provide National Automobile Policy in which Proton itself feel comfortable on what they have since establishment until now. Question 2 : What characteristics should a foreign partner have that will enable maximum synergies?

Since Proton does not have adequate resources to stand by itself, it needs to cooperate with other company in order to produce better products. In addition to that, the foreign company should have several characteristics or qualities that will enable Proton to maximize its synergies so that the collaboration will be successful and benefit both companies.

Technology advancement or expertise In automotive industry, technology is one of the important factors to determine the business success as consumers always demand for the best technology and quality.

Other automotive companies are seen to very efficient in upgrading their technologies. Moreover, they understand well customers' preferences and improve their products from time to time. For instance, Honda, Haunted, Toyota, Mazda and so on. Referring to the case, in our opinion, Proton was not able to catch up with the technology advancement in the industry. As a result, Proton may have the possibilities to collapse or shut down due to the very high competition in the automobile industry.

Therefore, it is advisable for Proton to collaborate with these expertise foreign companies for its future benefits.

Besides being a good example for Proton, the companies' technology can be adapted by Proton to improve its products. Experience and good marketing strategies The foreign partner should also have much experience in the industry as well as good marketing strategies. This is vital to ensure the products can be distributed worldwide. Marketing is done continuously so that the products existence and brand name will be reminded in the competitive industry. Subsequently, this may have positive impacts in Proton future sales.

Production efficiency Production efficiency is important to ensure good quality of products as well as cost minimization. As we know, the costs incurred in automobile industry are very high. Due to that, Proton needs to collaborate with a highly efficient company in order to minimize its production costs and maximize customers' satisfaction. Financial investment Another reason for the need Of collaboration is in term Of capital injection.

Thus, Proton should make collaboration with foreign partner who have strong and stable financial position.

This is to help Proton itself in having larger capital and fully utilize it for the company's benefit. Question 3 : What are the areas that Proton should focus on going forward? Improving the quality of product Due to its little experience in the industry, Proton is not able to produce best car with high quality. Hence, Proton should learn or adapt well the new technology in order to produce good quality of products. Performance and functionality Product

performance and functionality is important in the automotive industry and this is highly connected with the product quality.

In order to produce better products, Proton needs to monitor its quality of products as well as assure to the customers' preferences regularly. Research and development To produce better products, in dept research should be done to identify the strong and weaknesses of current products. This can also help in product innovation in the future. Price competitive product Since Proton has a broad distribution of network around Malaysia, this can help the company in moving a step forward in the automotive industry by introducing a reasonable price to the customers.

Improve public perception and marketing strategies With the current situations, what important is to develop customers confidence towards Proton products. Improving public perception can be one by producing better products and develop good marketing strategies.

Collaboration with other good automotive company Collaboration with other company or foreign partner allows Proton to have better capital injection and producing better products by adapting and learning from the other company. This may also help in the marketing Of Proton's products.

Question 4 : From the review of the 2009 National Automotive Policy, are there areas of possible collaboration with Proton in the event of short of a full merger/takeover? First and foremost, manufacturing license could be an area of possible elaboration, as it lifted for several high impact segments in the industry. By promoting the high impact segments, Proton will most likely

to be able to produce higher margins, business-related vehicles, and more environment- friendly vehicles.

Secondly, there should be gradual phase-out of imported used parts, components, and imported used commercial vehicles. This approach could prohibit imports of used parts and components, as well as imports of used commercial vehicles. Next, in terms of national dimension, a strategic partnership for Proton is an area of possible collaboration too. For instance, Proton can make partnership with Original Equipment Manufacturer (OEM) in order to enhance Proton's competitiveness in a global market and its long term viability.

Last but not least, Proton also should consider the technology aspect. In the midst of promoting production of critical and high value-added parts and components, Proton can also promote high value and green technology. With the technological advancement nowadays, Proton could move towards investing in development Of hybrid and electric vehicles. Question 5 : What other information not included in the case could help insulate Useful Alai to make a more meaningful recommendation? Why?

Other useful information that should be disclosed are items in Income Statement, corporate information Research and Development, as well as SOOT Analysis. This is because Proton does not show a lot of cost and expenses incurred from the year 2005-2009. Example of items that should be revealed are cost of sales, distribution cost, administrative expenses and finance cost.

Cost of sales is crucial in order to determine inventory turnover. Other factor items in income statement would be corporate information Research & Development (R).

Amount of R cost should be reported in the income statement. The information also can help Useful Alai to indicate whether Proton has done a good research or not, by comparing cost of research and outcome from the research.

Finally, the SOOT analysis is also vital to be disclosed. Opportunities of Proton should be revealed, so that Useful Alai can manage to decide crossroads of Proton in the long run. The list of threats and competitors are also important, so that Useful Alai will be able to know where Proton stands and discover weaknesses of Proton better.