Strategic management (general motors)

Strategic management (General Motors) General Motors Corporation (GM) is the largest vehicle manufacturer in the world. It designs, manufactures and markets vehicles worldwide, with its largest operating presence in North America. In addition to the 20 assembly plants and 30 distribution and warehousing centres in US, the company has manufacturing, distribution or warehousing operations in approximately 55 countries. Canada is another big centre of its facilities where GM operates through 20 locations. It is headquartered in Detroit, Michigan and employs about 335, 000 people. The brands include Buick, Cadillac, Chevrolet, GMC, GM Daewoo, Holden, Hummer, Opel, Pontiac, Saab, Saturn and Vauxhall.

The company recorded revenues of $185. 5 billion up by about 4. 6% from $177. 3 billion in 2002. Although GM's global market share declined to 14. 7 percent from 15. 0 percent, three out of its four automotive regions posted gains.

SWOT Analysis

Strengths

Leading market position: GM has consistently maintained its leading position as the world's largest vehicle manufacturer. In US it is the league of the big three with Ford and DaimlerChrysler. GM also has a strong market position in the UK, Germany, Brazil, Australia and China. Strong market position enhances the brand image of the company and provides economies of scale throughout the supply chain.

Robust revenue growth in Asia Pacific: The Asia-Pacific region has proved to be very encouraging and having immense potential for the company. Despite the challenges in the Asia-Pacific region, GM recorded strong revenue growth in this region with continued strong performance by

Shanghai GM in China and Holden in Australia. For 2003, GM Asia Pacific (GMAP) earned $577 million, more than three times the net income of $188 million in 2002. Company is also aggressively expanding its operations in India, another big market in the region. Such a strength in this region helps the company to offset its losses in some other regions.

Strong brand portfolio: GM has a strong brand portfolio. The company has on board global brand names like Chevrolet and Cadillac. In addition Buick, Pontiac, GMC, Saturn, Holden, Opel, Vauxhall and GM Daewoo provide region-specific brands. In a recent study1 conducted by Strategic Vision Inc. Honda Motor Co. held onto its overall ranking as the best full-line automaker, while General Motors Corp., won in four segments, ranked as the only domestic automaker with any top-ranked vehicles.

Weaknesses

North America and Europe Continue to be loosing grounds: General Motors's largest geographical market, North America, accounting for nearly 75% of the total revenues, continues to show decelerating momentum. GM North America (GMNA) could earn $1. 2 billion, down from $3. 1 billion in 2002. Company has partially attributed this slowdown in profitability owing to the higher pension and health-care costs in the U. S, but the cause of worry for GM is its dwindling market share in US, which came down to 28. 0 percent compared with 28. 3 percent in 2002. Similarly for 2003, GM Europe (GME) had a loss of $286 million, an improvement from the $549 million loss in 2002.

Large post retirement liabilities and high debt: GM has large unfunded other post retirement benefit obligations and high debt. As of now for every active GM employee in the US in 2005, GM supported 3. 2 retirees and surviving spouses.

Opportunities

Vast Potential in Asia Pacific region: This region having huge markets like China and India is expected to drive global demand for light vehicles through much of this decade. GM already has a strong presence in China and is the process of firming up its operations in India.

Growing Brand Equity: The brand value of GM has maintained a distinctive identity over the years, allowing the company to capitalize on it.

Threats

Rising raw material prices

Fluctuating Oil Prices

Low capital spending

Intense Competition