

The history of the strategy issues economics essay

[Economics](#)



**ASSIGN
BUSTER**

Evergreen Marine Corp (EMC) was established on 1968 by Dr Yung-Fa Chang. Now days Evergreen is the 4th world's largest leading international container company and the 1st container capacity carrier company at Far East with a fleet over of 160 container vessels. It's the biggest shipping company in Taiwan as well as listed company in Taiwan stock market.

Fleet particulars

Company fleet consisted as below table:

Series

Gross

Deadweight Tonnage

Capacity

Service Speed

Draft Designed

Length

Breadth

Reefer Plugs

U69, 21863, 388MT5, 364TEU25. 0KTS12. 7M285. 0M40. 0M570NU69,
 24663, 216MT5, 652TEU25. 0KTS12. 7M285. 0M40. 0M570D52, 09055,
 515MT4, 211TEU25. 0KTS12. 5M294. 1M32. 2M476GX46, 41053, 240MT3,
 753TEU20. 7KTS10. 5M269. 7M32. 2M130G37, 02343, 401MT2, 922TEU20.
 5KTS10. 5M230. 8M32. 2M130A14, 80715, 606MT1, 164TEU18. 7KTS8.
 5M165. 0M27. 1M200S75, 24678, 636MT7, 024TEU25. 3KTS14. 2M300.
 0M42. 8M839For time being owned 93 vessels with total capacity

723000TEU In line with its strategy to ongoing renewal of fleet by modern and environmental friendly ships, Evergreen has in progress a large order book for new building vessels consisted by 38 ships, (including the new green ships 8, 000 TEU L-class), with total capacity 376500TEU delivery till end of 2015. This large order book which is almost the 52% of existing TEU company's capacity prove that Evergreen have made a significant investments in order to provide a competitive services with low consumption vessels always with care of marine environment. Last year an ambitious deal (may be the deal of the year 2012) contracted with Greek company ENESEL to charter back 10 new building vessels, Ultra L- type , 14000TEU, Korea (Hyundai) design. The total cost of vessels construction is USD 1. 2Billion! and the charter back freight is contracted at rate of 30000usd/day for 10 years, for each vessel.

GLOBAL SERVICE NETWORK

Evergreen have more that 240 service locations which covers more than 80 countries around the world. Evergreen's network and trading routes can be divided in five sectors: Far East to North America and Far East to Central America and Caribbean. Far East to North Europe and Far East to Med. Europe to North America east cost, Atlantic fixed day service. Far East to Australia, Far East to Mauritius, South Africa and South America. Intra Asia to Middle East and Asia-India sub continent.

Financial Statements

Brief Financial Statement for recent 5 years

Financial Data From 2007 To 2011

Year

2011

2010

2009

2008

2007

Total assets 92,922,390 89,656,404 80,526,561 94,223,170 90,962,884
 Total Liabilities 31,756,564 23,832,884 26,074,964 30,976,994 21,265,204
 Total shareholders equity 61,165,826 65,823,520 54,451,597 63,246,176 69,697,680
 Sales revenues 15,361,235 17,026,011 15,062,947 22,437,412 27,844,435
 Net income -3,092,361 15,165,451 -9,855,353 639,266 10,381,702
 Earnings per share -0.894 49-3.220 213.53
 Return ratio on total assets -3.08 18.14 -11.05 0.88 11.94
 Cash flow ratio 25.99 45.28 -13.86 -11 60.96

Unit: Thousands NTDDue to global economical slowdown the sales revenues and the net incomes are fluctuate from year to year. Although the net incomes on 2010 was 15billion NTD with ROA ratio of 18.14 the next year 2001 the net incomes were negative with loses of 3Billion NTD. Respectively the earning of each share (dividend) was negative in 2011 and profitable by 4.49NTD/each in 2010. As per last company's announcing in second half of 2012 returns to net incomes of 2.5 billion NTD. (abt USD 85M)

SWOT analysis

Strengths

Comprehensive global service network with Global transshipment hubs. Company provides efficient and convenient transportation services around world. In order to achieve this has established 4 hubs container terminals in key ports like Taichung and Kaohsiung in Taiwan, the Colon Terminal in Panama, and the Taranto Terminal in Italy. Fleet consists of 93 owned, 89 chartered containerships, transporting over 720000 TEU and N/B order book of 38 ships of 375000Teu i. e. 52% of existing Teu capacity. This make company a major player in Global shipping box industry, 4th world largest company and 1st Asia company in Teu capacityExtended reefer container services. It's reefer container service network expanded the last years in order to meet a growing demand for the global transportation of raw and fresh goods, Every vessel provides significant number for reefer sockets while company has constructed brand new controlled reefer containers with self detection malfunctioning system for easy repair by crew members in order to ensure a professional transportation service that guarantees the safe delivery of reefer goods. E= commerce Services. Evergreen provides E-commerce as an essential element of comprehensive transportation service for booking and tracking cargo. Furthermore established the " ShipmentLink Mobile", a new facility for its customers that allows them to search sailing schedules and track the movements of their shipments via smartphones, ipad and iphones. In addition, customers can check the progress of cargo release by e-mail, to find contact details of Evergreen Line's global service points and read the carrier's latest news. Create alliances and cooperative

venture with partners. By establishing strategic alliances with other partners via slot charters, slot exchanges and joint ventures improve the general operational performance either in transportation services or terminal services. By doing this the associated costs have reduced. Evergreen Seafarer Training Center. A certified by ISO9001: 2008 Training Center (ESTC) provides extensive training courses under stringent IMO and STCW code requirements. More than 30000 Taiwanese and foreign seafarers have undergone integrated training programs prior join vessels, ensuring the best and efficient vessel's operation.

Weaknesses

Decreasing profitability over the years and increasing debt burden. Extended new building order book increases the debts. Fluctuating profits and revenues due to Global crisis.

Opportunities

Optimize shipping routes and step up expansion in small emerging markets. Feeder services by smaller size vessels are easier to be approached considering that the four strategically located hub ports around world are contribute for such services. Expand customer base geographically or through new services. Based to forecast for world growth rates increasing in various region, company extend their services accordingly. Best prospect for profitable due to long term growth. The in-progress new building program will assist company to restructure the fleet and substitute the chartered vessel by own new fuel efficiency vessels.

Threats

Economic slowdown. Due to unpredicted demand and to EU, USA economic recession the total number of transported TEU's is substantially reduced the last 2-3 years. Changes in regulations of various countries. Intense competition to gain market share. Major other players in industry with largest fleet and strengths are trading in same routes mainly in Far-East to North Europe transportation services. Rising prices of fuel oil. High prices of fuel affect the ship's operating cost and increase the Teu transportation rates respectively.

Strategy issues:

Focus on lowering operation cost for potential competitive advantage. Low cost strategy is achieved by continues tight control of overheads and best utilization of equipment and personnel. Exploit opportunities to increase freight cost, thus increase the total revenues. A comprehensive feeder services in new emerging small markets by using small and eco-vessels will increase the revenues. Furthermore company maintains focus to regional economic growth area of Intra-Asia as the forecast for this area is to attain economic growth rates of 5. 5% in 2013 and 5. 7% in 2014. Undertaking eco friendly measurements and schedule reliability by ordering new modern greener vessels. Adjust vessels capacity to survive the industry woes due to the weak global economy. Complementarily working with quality partners on joint ventures by slot exchange for minimizes number of vessels and operation cost in certain routes. Erecting defenses against fuel rising prices in order to reduce operating costs. A slow steaming procedures established in all service routes within Far East to Europe and North America.