

# Principle and practice of management – case studies

Business



Case Study 1 International case: Carrefour - which way to Go? Q - 1) How should Mr. Durant assess the opportunities in various countries around the world? Ans To become a global firm, ideally, company should be taking gains of R&D, production, marketing and financial advantages in its costs and reputation that are not available purely to domestic competitors.

It minimizes importance of national boundaries and develops "transitional" brands. It raises capital, obtains materials and components, and manufactures and markets its goods wherever it can do the best job. To access opportunities around the world, Mr. Durant should answer some basic questions like (1) What market position should we try to establish in our country, in our economic region and globally? (2) Who will be our global competitors be and what are their strategies and resources? (3) Where should we produce or source our products? (4) What strategic alliances should we form with other around the world? Following are the six major international marketing decisions which Mr. Durant should go through while accessing opportunities in various countries around the world.

Looking at the global market Deciding whether to go Global or Not? Deciding which markets to enter Deciding how to enter the market Deciding on the global marketing program Deciding on the global marketing organization Mr. Durant need to identifies the developing countries where hyper malls structure has just began and then need to check whether their government rules and regulations pertaining to retail hyper malls. After deciding the country, Mr. Durant need to check the demand supply gap in that market and try to reduce the supply chain gap, so that their cost of purchase becomes less and in the similar fashion they can offer good discounts to

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their customers. Also if the demand supply gap is more because of their global presence, Mr.

Durant can import the products from the other countries also which in turn reduces cost of purchase and can easily pass on that benefit to end users in that countries. Q-2) Should Carrefour adopt Wal-Mart's strategy of "Low prices Everyday"? What should be advantages or disadvantages of such a strategy? Yes, Carrefour should adopt Wal-Mart's strategy of "Low Prices Everyday". Major chunk of Retail Market is formed of middle class consumers and mentality of middle or lower middle class people in the entire world is to save their daily expenses. Carrefour should adopt this strategy because it will attract more middle class consumers which will generate the volume of the sales. They should start new strategy for giving atleast 2% of discount in any of its products purchased from their mall.

The advantages would be volume of sales would be increased; brand recall would be easy, competition increases, consumer benefit will be increased but the disadvantages would be company would be making less profit , product penetration will happen, so companies producing niche products would not like to sell products through such retail chains, loyalty of the customer would be reduced eg: customer will go for products where they will get it cheaper. Q-3) How should Carrefour should differentiate it from Wal-Mart? Wal-Mart's setup is like big hyper mall in suburbs of the city in any countries. In order to compete Wal-Mart in the countries where they have strong presence, they should start number of small super markets across the city depending upon geography. In those super markets, they should give daily discount to customers on all products which would create a different

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BRAND RECALL compared to Wal-Mart. For example, Carrefour should start branding as “ Consumers can use fresh vegetables daily as their presence is in every colony of city”.

At latter stage, Carrefour should start giving home delivery for any of the products on chargeable basis to small amount of purchase and on free on bigger amount of purchases. Q-4) Identify cultures in selected countries that need to be considered in order to be successful? Identifying Culture differences in Poland, Italy, Turkey, Columbia and esp in China plays an important role to run business in the countries. International Case: Reengineering the business process at Procter ; Gamble Q-1) The reengineering efforts focused on the business process system. Do you think other processes? Such as the human system or other managerial policies need to be considered in a process redesign? Business Process Redesign/Reengineering can be defined as “ the analysis and design of workflow and processes within and between organizations” BPR has three key target categories: Customer Friendly: One of the main goals of introducing BPR is to get a competitive edge and that can only be gained by providing the customers more than what the others in the market are asking for. Effectiveness: How effective is the product or service that the business or manufacturing company providing the customer? If whatever product or service the business might be providing to the customer is successful, then the customers would automatically want to buy that product or service again.

Efficiency: How efficient is the company that is manufacturing the product before introducing it to the market to minimize costs? This is one of the key <https://assignbuster.com/principle-practice-of-management-case-studies/>

categories that is believed to be more important than any others. If a manufacturing company can master the skill of being efficient then they can automatically be more customers friendly and effective. Efficiency is not just about being efficient at the production floor level but the management level also has to be efficient. Q-2) What do you think was the reaction of the brand managers, who may have worked under the old system for many years, when the category management structure was installed? In earlier system, brand managers were not given so much responsibility and the failure or success of any product which doesn't affect to the credibility of the brand managers. Now with this process design, P&G has decentralized its decision making steps to product brand managers itself because brand managers know the strength and weakness of the products.

They are right people to judge where and which product will perform better rather than following decision decided by upward authority. With this change, category managers will have more responsibility to run this business and also old managers will think that they are given more responsible job than earlier one which might increases their enthusiasm and loyalty towards organization. Q-3) As a consultant, would you have recommended a top-down or bottom-up approach, or both, to process redesign and organizational change? What are the advantages and disadvantages of each approach? As a consultant, I would recommend a combination of both top-down and bottom – up approach for the process redesign and organizational change. Because if any of the approach is used singly then organization is not going to capture all the major changes which happen due to the approach being taken. For example, in case of top –down approach,

decision for products has already been taken by upper authority, middle managers has to somehow follow that decision and fit into their lower levels whether it is suitable for them or not. In that way, in some product and region, company would get success and in some, they wouldn't get success.

And in the similar way if bottom – up approach is used then looking at the lower level comfort, availability and possibilities, upper management need to form strategies which in turn, organization may lose focus and vision of the company. So combination of both approaches will led to perfect

implementation of reengineering design in any big organization. Bottom up Approach \* High deployment coverage in early phases \* Earlier return on

investment \* High visibility of organizational changes \* Higher impact to organization Advantages of Bottom up Approach \* User and business

awareness of the product. Benefits are realized in the early phases. \*

Organization can replace many manual processes with early automation. \*

Organization broadens identity management skills and understanding during the first phase.

Disadvantages of Bottom up Approach \* The organizational structure you establish might have to be changed in a later roll-out phase. \* Because of the immediate changes to repository owners and the user population, the roll-out will have a higher impact earlier and require greater cooperation. \* This strategy is driven by the existing infrastructure instead of the business

processes. Top down Approach \* Tactical, limited coverage \* Delayed return on investment \* Lower impact to overall organization \* Higher deployment

costs Advantages of Top down Approach Organization realizes a focused use of resources from the individual managed application. \* The first

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implementation becomes a showcase for the identity management solution.

\* Operation and maintenance resources are not initially impacted as severely as with the bottom-up approach.

Disadvantages of Top down Approach \* The solution provides limited coverage in the first phases. \* The support and overall business will not realize the benefit of the solution as rapidly. \* The implementation cost is likely to be higher. International Case: Global Car IndustryQ - 1) Prepare a profile of the potential buyer of the Lexus \* Upper Middle class and Upper Class \* Business Man \* Top Executives \* Second users of High End cars Buyers of the Lexus will also compare below points with Mercedes ; BMW. \* Service \* Looking for fuel efficient car \* Eco-friendly \* Design \* Comfort \* Technical Specifications Q-2) What should Mercedes and BMW do to counteract the Japanese threat in United States and Europe? To counter act Lexus andToyota, Mercedes and BMW can act as below mentioned points \* Advanced battery technology is a key to the futureBMW/Mercedes should focus on advanced technology which would be electric cars(hybrid cars) and took step to be early bird in this segment.

They should fit this technology in their high end models which will keep edge differentiation in the market and brand recall. They need to be advanced in the technology implementation which create difference compared to other cars including Lexus \* Europe loves diesels, BMW knows diesels Diesels make up more than half the market in Europe because they're more efficient. Tax laws and emissions rules also favor diesel fuel over there. For Toyota to step up sales in Europe it needs more and better diesel engines and BMW is a master of diesel technology for engines small and large.

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You've probably ridden behind a BMW or Mercedes diesel and not known it because they don't smoke and don't make clattering diesel sounds.

A turbo-diesel electric hybrid in the U. S. would have exceptional durability because diesel engines last longer, but they also have higher initial costs. \*

Long-term survival for BMW Conventional wisdom has it that fewer than a dozen automakers will survive into the future and size yields economies of scale. Also dull cars, in some cases. ) Toyota, GM, VW, Hyundai, and Ford all build at least 5 million vehicles a year. BMW builds 1.5 million BMWs, Minis, and Rolls-Royces a year and is one of the world's most profitable automakers today. The family that has controlled BMW for more than 50 years says it wants BMW to stay independent, so BMW markets the reputations of its components such as engines to be a bigger company. Thus the engine sales to Toyota. Q - 3) Why has Lexus model been very successful in the U.

S. but has not been marketed in Japan? Lexus has been successful because of the following reasons Low Price compared to Mercedes/BMW \* Break Down is less compared to other cars in the same segment \* Lexus providing superior after sale service compared to other auto makers \* Being a Toyota brand, Lexus is also fuel efficient compared to BMW/Mercedes which will open market for upper middle class \* Luxury features provided in Lexus is comparable to BMW/Mercedes models Q-4) Do you think Lexus will succeed

in Japan? Why or why not? According to me Lexus won't succeed in Japan because Japanese automakers are more famous for fuel efficient cars and not for luxury in Japan. In Japan, German automakers Nissan and Audi has majority of market share in luxury cars. Japanese are more firm on their decision for high end cars. When Toyota introduced its Lexus brand in Japan  
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in 2005, the company was hoping drivers like Masayoshi Haku would swoon over the luxury lineup. The 46-year-old doctor is a car lover with a \$110,000 BMW 750 sedan and a \$60,000 Porsche Boxster, so he should have been a prime customer for Lexus. But Haku hasn't taken the bait. Why? Lexus is too Japanese for his tastes. "Lexus makes excellent cars. But if you ask me whether I'd buy one, the answer is no," says Haku.

"Foreign brands have more individuality." For most Japanese car buyers, "foreign" really means "German." Although Lexus hit American showrooms 19 years ago and has been the top-selling luxury nameplate in the U. S. since 2000, it didn't arrive in Japan until 2005.

By that time German brands dominated the high end, and Lexus has had a tough time getting a toehold, reaching only 60% of Toyota's initial sales projections. In 2007, Lexus moved 34,800 cars—about what it sold in December alone in the U. S. —and sales so far this year are down. A big problem was the initial lineup. The company started with just three models: the \$52,000 GS sports sedan, the \$68,000 SC convertible, and the entry-level IS sedan, starting at about \$40,000.

All three had previously been available in Japan under the Toyota nameplate—for about 20% less than the Lexus models. Worse, the buzz Toyota created for Lexus may have benefited the Germans. Following the Lexus launch, rivals say they saw increased interest as customers then visited BMW, Mercedes-Benz, and Audi showrooms to compare. It is surveyed that 80% of early Lexus buyers were former Toyota drivers; only 5% came from Mercedes or BMW. Japan's German-car obsession shouldn't have been news

to Toyota. Wander through Tokyo's upscale wards and you'll find no shortage of expensive German models, even though they're often too big to comfortably navigate Japan's narrow streets.

And many of them have the steering wheel on the left, the European standard, rather than on the right, Japan's norm. Still, few are giving up on Lexus in Japan. After all, Toyota has 45% of the car market there, it has built 160 plush Lexus dealerships at an estimated cost of \$10 million each, and it has booked tons of prime-time TV ad slots. Case Study: The Restructuring of Daimler-Benz Q-1) what is your assessment of Daimler-Benz operation in many different fields? Daimler-Benz AG was a German manufacturer of automobiles, motor vehicles, and internal combustion engines; founded in 1926. Formally merged on 1926 becoming Daimler-Benz and agreed that, all factories would use brand name of Mercedes-Benz on their automobile.

In 1996 more than 300,000 employees worked on Daimler-Benz. It consisted of four major groups: 1. Mercedes-Benz: Which is known as luxury branded passenger car and commercial vehicle. 2. AEG Daimler-Benz Industries: This mainly focused on rail system, microelectronics, heavy diesel engine, energy system technology and automation.

3. Aerospace Group: It mainly deals with aircraft business, space system, defense and civil system and propulsion system. This company has a more than one interest in the Airbus consortium. 4. Inter Services Group: This Company mainly known as Debis.

It consists of systemhaus, financial services, insurance brokerage, trading, marketing service, mobile communication service and real-estate

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management Q-2) Should various groups operate autonomously? What kind of activities should be centralized? If they do not work autonomously, only the financing activity should be centralized. However, if they let to continue operation losers will keep piling. Therefore in my opinion the various groups of Daimler-Benz should operate autonomously. Because the activities of these four groups has none kind of similarity. The first group “ Mercedes-Benz” manufactures passenger cars and commercial vehicles. The second group “ AEG Daimler-Benz Industries” has the business of rail systems, microelectronics, heavy diesel engines, energy system technology and automation.

Thirdly, Aero space group has the business of aircraft, space system and propulsion systems. Finally, the “ Inter Service Group” has financial services, insurance brokerage etc. So it seems that they have no similarity in their business sectors and so they should operate their business autonomously. Daimler-Benz should centralized their goal setting, mission and vision. By doing so, they will be able to find their employees of common groups are working with a fixed goal in their on comfortable way. Q-3) Daimler-Benz is best known for its Mercedes-Benz cars.

Why do you think Daimler-Benz bought AEG in the first place and why did it venture into Aerospace and Inter Services business? Daimler Benz founder of Mercedes- Benz has diversified his business in four major groups. In this case we have studied how he extended his business from microelectronics to aerospace. First they started their company manufacturing cars and commercial vehicles known as Mercedes Benz. Their second group was AEG business of rail system, microelectronics, heavy diesel engines, energy

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systems technology and automation. By establishing AEG group Daimler Benz entered in another big industry of business. Their aim was to become an integrated high techgroup worldwide.

Daimler Benz went various development phases to diversify their business. Their third business was aerospace group in the business of aircraft in the business of aircraft (the company has a more than one-third interest in the Airbus consortium), space systems, defense and civil system, and propulsion systems. Finally, they had Interservices Group consisting of financial services, insurance brokerage, marketing services, mobile communication and real estate management. Q-4) Why did Daimler Benz Diversified?

Daimler Benz view of Diversification \* Spreading of Risk \* Smoothen Return \* Avoiding timing errors \* Multiple source of income Q-5) Given the apparent mistake in acquiring non automotive business, what should Jurgen Scrempf do now?