

Honda motor company limited commerce essay



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Sun Zi's Art of War is the most famous work on military operations in ancient China. Being the oldest military treatise in the world, it is one of the greatest cultural legacies of the Chinese nation. Sun Zi's Art of War is a classic on military operations and the most influential in the world today.

In this well-known book, Sun Wu puts forward many important principles in military operations. He says, "Winning a victory and subduing the enemy without fighting is the highest excellence." War is not for slaughter; if you win without fighting, the way you can do so is the greatest military strategy, Sun Wu in his book stresses, "To attack where the enemy is unprepared and hit when it is unexpected" is another wise observation." Military operations should aim at speedy victory and not prolonged campaigns." "Know both the enemy and yourself; you will fight a hundred battles without danger of defeat." All these principles are, unquestionably, significant even in military strategies in the world today.

The thirteen military essays in The Art of War form a systematic military work. Each essay discusses one problem, but thirteen essays constitute an organic whole, which can never be taken separately.

The Art of War actually discusses how to win, which is not limited to military operations. Its significance has been enlarged to many fields, such as commercial affairs, management, athletic competitions, etc. Everyone who reads it carefully may acquire the key to victory (Wee, 2003).

Honda Motor Company Limited established by Soichiro Honda who was a legendary man in the Japanese motor industry. He was a dreamer, he dreamed of a better way of making piston rings, founded a small company,

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and began production. He dreamed of giving people everywhere an economical form of transportation, and began producing small motorcycles, including one built in 1949 called the D-Type Dream (Honda Motor Company Ltd, 2012).

Honda Motor Company is by far the world's biggest motorcycle maker.

Honda's first motorcycle was born out of necessity in immediate post World War II Japan, where public transportation was desperately overcrowded and gasoline severely restricted.

Soichiro Honda started Honda Motor Company in 1948, at the age of 41.

Soon after he hooked up with financial whiz Takeo Fujisawa and together they built an empire. Two owners of the company had different priorities. For Fujisawa, the engine innovation meant increased sales and easier access to financing. For Honda, the higher horsepower engine opened the possibility of more successfully pursuing his motorcycle racing ambitions. Indeed, winning provided the ultimate confirmation of his design abilities. Success came quickly, and by the end of the 1950s Honda had won all of the most prestigious motorcycle racing prizes in the world. In 1958 the Honda 50cc Super Cub was introduced. It featured an automatic clutch, three-speed transmission, automatic starter, and the safe, friendly look of a bicycle. Its inexpensive price was due almost entirely to its high-horsepower, yet lightweight 50cc engine.

The success of the Super Cub in Japan prompted Honda to consider expanding its target market to other geographic regions. The company had already experimented with local Southeast Asian markets in 1957 and 1958,

however, with little success. The European market, while larger, was heavily dominated by its own name brand manufacturers, and their popular mopeds dominated the low price, low horsepower market. Thus, Fujisawa decided to focus Honda's attention on the U. S. market.

In 1962 this breakthrough advertising " You meet the nicest people on a Honda" shattered the myth that motorcycles were only for tough guys and rebels. It reached out and made Honda and motorcycling in general, appealing to everyone.

in 1967 it diversified and also began to produce cars and trucks. In addition, the company started to manufacture portable generators, power tillers, lawn mowers, pumps, and outboard motors. In 1967 and 1968 the company introduced two lightweight passenger cars which performed poorly in both the Japanese and U. S. markets. It was not until 1973 and the introduction of the Honda Civic that the company became a real presence on the international automobile market (Honda Motor Company Limited History, 2012).

Three years later, in 1976, as sales of the Honda Civic surpassed the one million mark, the company introduced an upscale, higher priced model named the Accord. Sales of the Accord grew rapidly, not only in Japan, but especially in the United States. In 1982, as a result of the burgeoning U. S. market for Japanese cars In 1986, Honda introduced the Acura, which immediately garnered large sales throughout Japan and the United States. By the end of the 1980s, Honda had developed into one of the leading car manufacturers in the world.

After Soichiro Honda died in 1991, the company initiated a comprehensive reorganization, led by Nobuhiko Kawamoto, the company's president and chief executive officer. In 1992 Honda organized the first ever joint venture to make motorcycles in China. Many industry analysts predicted that the agreement would give Honda an initial foothold in what could become the world's largest and most motorcycle market lucrative.

In order to compete in the tough automobile industry environment, Honda focused much of its attention on research and development. In 1994 and 1996, Honda's experiments with alternative power sources for automobiles and a U. S.-made large-size custom motorcycle led the company to win the world's largest Solar Car race—the World Solar Challenge—with its Honda Dream.

In 1997 alone, new production lines of different Honda products were started in India, Vietnam, Turkey, Indonesia, and Brazil. In 1998 Honda once again signed a joint venture agreement in China—this time to produce and sell cars.

Honda was doing quite well but still had weaknesses to surmount. It had come to be known as one of the most efficient car companies in the world. Its strengths were in its research and development know-how, its high level of technological advances, and its global reach—Honda was selling markedly more units abroad than in its own country. Civic and Accord model are the most successful product in Honda company

2. Content

Sun Zi Art of War is a short book which contains about only 6200 words written in classical Chinese and has 13 chapters. All the principles and

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concepts of Sun Zi Art of War can be apply into warfare and modern business strategies today. In this assignment, topics that we selected are chapter 3 Strategic Attack, chapter 4 Disposition of the Army, chapter 5 Forces and chapter 8 Variations and adaptability.

Chapter 1: Planning

Sun Zi Art of War stated that on every war must have studied and examined thoroughly as it is a matter of life and death. In order to do so, there are five factors in planning which contains moral influence, the weather, terrain, generalship, and doctrine and law. These factors enable Maxis Communication Berhad to compare against their competitors such as DiGi, Celcom, U-mobile as in to understand the changing condition and circumstances and assess the victory in the sales over them. There are 7 important consideration should held in the planning process of Maxis in order to enable them to have competitive advantages their competitors. As in planning, there are 12 guidance of strategic planning that could have been held by Maxis over gaining competitive advantages or gain more profit on their product over other telecommunication provider. Sunzi emphasis on the importance of detailed planning in order for Maxis to gain victory over other in the term of sales and goodwill of the telecommunication industry.

Chapter 3 Strategic Attack

In this chapter, Sun Zi said:

capturing a whole division intact is a better strategy; destroying it is a weaker option.

capturing a whole battalion intact is a better strategy; destroying it is a weaker option.

capturing an entire company intact is a better strategy; destroying it is a weaker option.

capturing an entire section intact is a better strategy; destroying it is a weaker option.

For business application, an organization has to adapt their culture when they enter into new market or invented a new product. Then, organization has to analyse their consumers' need and it will be easier to succeed because the products invented are adapt to the customer's culture, environments and needs. Besides, organization can save a lot of costs, they doesn't waste more capital in advertising on promotion. However, they have to make sure that the origin elements are maintained. For example, KFC has just introduced a new Flaming Crunch chicken which suited Malaysian taste. This flaming crunch chicken is coated with crunchy cornflakes and some spicy powder. As we all know most of the Malaysians like spicy food such as nasi lemak or curry. Thus, this new flaming crunch chicken meets the needs of Malaysian who like spicy food.

Chapter 4 Disposition of the Army

This chapter stated that those who were skilful in warfare ensued that they would not be defeated and then waited for opportunities to defeat the enemy. The ability to prevent defeat depends on oneself, while the opportunity for victory depends on the enemy. When the opportunity arrived, all advantages factors are well prepared like financial and material support,

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just a button, organization can make extremely profit and easier to penetrate the market. “ Ball is in your hand, can fun play.” For example, Apple Inc has become the market leader, control all factors like pricing, products, promotion, policy and place even if Apple Inc was not the first mover for multimedia downloader. It said one does not make mistakes because he adopts measures, policies and strategies that are certain to lead to victory. He wins because he chooses to engage an enemy that is already in a position of defeat. People who are the most successful are who will predict the future, create the market and to realize the prediction. For example, the diamond multimedia is the first mover for multimedia downloader but the timing is not matured, they never predict their future properly and do not have good policies or strategies to create the market. Few years later, Apple Inc produces the same technology products such as iPod. It is more famous as compared to diamond multimedia. It shows that Apple Inc create the trend which bring the organization growth and maximize the organisation profit. However, follow the trend will only give opportunity to the organization but not profit.

Chapter 5 Forces

Chapter 5 stated that the fact that the whole army can withstand the attacks of the enemy without suffering any defeats is due to the use of the direct and indirect strategies, forces and approaches. When forces are concentrated to attack the enemy, it must be like solid stones hurled against eggs. This is applying the principle of using strengths to strike weaknesses. For business application, organizations have to be creative and innovative so that they can compete with their competitors. They have to change process

happen, change their form, culture, structure or product base when it is needed for them to do so. You must break the eggs on the beach and create a new life in the sea. For example, Starbucks coffee leads the industry with its continuous menu innovation and a wider choice of drinks than any other brand. Recently, everyone is crazy for Chatime, Ochado or Gong Cha which all of them are Taiwanese pearl milk tea. You can see people queue up even if the queue is very long, still people wait for it just for that cup of pearl milk tea. To change, we can see Starbucks coffee introducing the Green Tea with Red Bean Frappuccino and Hojicha with Tea Jelly Frappuccino to follow the trend. Thus, the indirect forces used by Starbucks coffee are tactics to surprise their competitors and consumers. Moreover, this can help to solve their problem and pull back their customers.

In this chapter, it also stated that entice the enemy by giving away something that he would certainly want to have. Lure the enemy to move with benefits that he desires and then use concealed troops to await and ambush them. For business application, when the enemy is greedy for small advantages, offer baits to lure him. As we all know greedy is one of the human natural instincts. For example, AEON members' day has a lot of things are discount up to 70%. Thus, consumer will be greedy for the small advantages, just to get the discount they have actually spent on things that they don't really need. Therefore, the consequence is they have spent more for that particular month or over budget.

Chapter 8 Variations and adaptability

This chapter is about the importance of being adapting to changing, importance of careful deliberations and preparedness. The world is

constantly changing, we need to adapt to this change quickly. The quicker you let go the past, the sooner you can enjoy your happiness. This means that the faster you adapt to change and follow the trend, the faster you can enjoy earning your profit.

There are few examples that we can see in our daily life. First, there is a new concept of Kopitiam has been experienced rapid growth over the past few years. These new concept of Kopitiam included Old Town White Coffee, Pak Hailam Kopitiam, Georgetown White Coffee and many more. Just for a short period of time, Old Town White Coffee has over 130 outlets in Malaysia. Soon or later we will hardly find those old style kopitiam. Another example is the sundry shops, as we can see grocery shops have been replaced by all those convenient stores like 7-eleven, 99speedmart; supermarkets and hypermarkets like Aeon, Tesco, Carrefour or Econsave. All these convenient stores or hypermarkets offer wider range of products and cheaper price. For example, we can buy everything we need in Aeon, we can buy clothes, electronic products, vegetables or other daily consumer products at one go. We need not to travel here and there to get what we want.

In addition, we can see the advance of the technologies nowadays. Everyone is using Smartphone or smart TV. Samsung has come out their brand new smart phone Galaxy S3, they keep on innovate their products to fulfilled the consumer needs and wants. Furthermore, it leads Samsung to be the leader of the markets. At the same time, this new technologies bring an opportunity to the telecommunication companies to come out with data plan to boost their profits up. To be winner of the market, these telecommunication

companies have to review their plans frequently to stay competitive in the market.

Lastly, proactiveness is the key to strategic advantage. Nowadays, people like convenience and easy job. Therefore, the new concept of wall paper has been invented by Korea and Taiwan to replace paint. We can customize our own wall paper; you can have your own favourite colour, taste or picture. With this invention, we can save our time, cost and energy; no more pain.

Chapter 10: Terrain

In this chapter, Sun Zi's explain the grounds during the war. Type of grounds are communication ground, entrapping ground, indifferent group, constricted ground, key ground and distant ground. Every ground has its own function during the war.

In business application, Maxis Sdn Bhd encounters obstacles in competing against their competitors. It is said that the top management is responsible for the lower management performance. Therefore, the top management holds a great responsibility in Maxis, like a general does. Senior director is responsible to organize an effective strategy to gain victory in the business war. The strategy will be exercise by the middle management to order the lower management in implementing the strategy in Maxis business process.

Chapter 13: Intelligence and espionage

In Chapter 13, we discuss about intelligence and espionage. According to Sun Zi, there are five types of spies and secret agents. They are living agents, local agents, inside agents, double agents and doomed agents. We

discuss about the ability of the agent to gather and effectively use information on the enemy on the enemy.

Thus, Maxis Berhad may send its employees to do research on competitors by obtaining information through reliable sources. For example, annual reports, stock warrants, news feed and press conference. This may help Maxis Berhad to gain informative and useful information to analyze its strengths and weaknesses of itself in order to gain competitive advantage over the competitors.

Q3. DISCUSSION

Chapter 3 Strategic Attacks

Sun Zi said: In general, when waging war, capturing a whole nation intact is a better strategy; to shatter and ruin it is a weaker option. Honda motor has to come out with different strategy and method in facing different challenges among competitors in order to compete in car and motorcycle industry.

In 2001, American Honda's associate learning and organizational development group that undertook a broad assessment of its approach to training, looking at what was offered, why, to whom and how. One focus of this initiative was to deepen the emphasis on quality, which has long permeated Honda's manufacturing operations, within the internal support and service portions of the organization. The challenge laid out for the development group was to improve and extend the delivery of training for employees, reduce their time away from the job for training, take advantage of expanding technology capabilities and infrastructure and, above all,

ensure a tangible transfer of skills that would take internal service quality to an entirely new level.

Honda motor also tends to improve their service quality by using a learning management system (LMS) to schedule, administer and track training. The system was applied not only to instructor led offerings but also to pure online training, blended learning and other offerings. Using a customized LMS, Honda employees and their managers learned to define and manage individual training plans as well as enrol in, complete and track their progress courses and curricula through a learner specific Web portal. With LMS, Honda motor able to provide a better service to its customers and win a good reputation among its competitors.

Chapter 4 Disposition of the Army

Sun Zi said: In ancient times, those who were skilful in warfare ensured that they would not be defeated and then waited for opportunities to defeat the enemy. A good organization must always have a good advance mission and management control to enhance their company strength. Management must always have a well prepare for the organization future development and scoring in the good opportunity arrives thus, organization can make profit on it.

Example: Honda Motor's company developing abilities and human resource department in their organization which is to provide training to the employees to equip them with necessary skills. Honda's approach to personnel education is based on on-the-job training: building specialized skills and professional capabilities through direct experience. Honda has

established on-the-job training programs for each job description, setting qualitative and quantitative targets for the knowledge and skills to be acquired. These programs provide with an opportunity for associates to acquire specialized skills and managerial capabilities while helping supervisors assess and foster the aptitude of the associates they manage. To supplement these on-the-job training programs, Honda also offers off-the-job training designed to provide associates an opportunity to enhance their careers by developing new specialized skills or management capabilities. To support associates who wish to take the initiative to learn new skills, acquire knowledge, and cultivate themselves in order to fully realize their own potential, Honda offers opportunities for language learning, distance education, and inter-industry exchanges. With this training Honda can enhance their strength of company.

Besides that, Sun zi also said that: The ability to prevent defeat depends on oneself, while the opportunity for victory depends on the enemy. The organization must always have a better control on their product pricing, police and place. Furthermore organization's leader also need set a good strategy and market research to take the advantage on the competitor's weakness and negligence.

Example: In car industry, Honda and Toyota is one of the large competitors of both. Honda and Toyota always have the price differentiate on their product. In 2002 Honda was produce a new model of car which is Honda Civic Dx sedan, the suggested retail price is \$13, 800 but in the same times Toyota Corolla CE sedan also goes for the market about \$13, 900. If a buyer they will looking for the product quality and these both cars would have

almost same specification, besides that consumer also will compare this two car price. Now the Honda Civic is cheaper than Toyota Corolla. Thus, most of the consumer will make a decision on buying the Honda car. In the case Honda Company was make a good pricing control on their product, Honda was able take a good opportunity to making profit.

Chapter 5 Forces

According to the study of Sunzi Art of War in chapter 5, which discuss about forces that can be implementing by organizations to face its problem and challenges? Sun Zi said: To manage a large force is similar to managing a small force. So, it is a matter of organization and structure. So, the formations, communications and signals among whole Honda organizations around the world are important to face with challenges. Honda operates in the worldwide market with 134 production facilities in 28 countries and at 31 Research and Development facilities in 15 countries, about 167000 Honda employees and associates serve 23 million customers worldwide annually. So, it is not easy to manage such a large organization. In order to have a better management, Honda's global operations are divided into 6 administrative regions responsible for operating which are Japan, China, North American, Latin American, Europe and the Middle & Near East and Africa, Asian and Oceania, while hiring and engaging the people and philanthropic initiatives locally in the communities that Honda operates. Honda is pushing the independence of their local management and sales operations, at the same time with integrating and forward-looking plan for each region. They operate under the conduct guidelines that help member companies and associates in evaluating and managing risks, complying with

laws and regulations, keeping a high level of transparency in operational level, that's all to maximize the worldwide customer satisfaction.

In the global business, many top managers still centralize their authority; make most of decisions of the company. In contrast, Honda follows a different way; most of decisions are made by a group of responsible persons, including Board of Director, outside directors, outside auditors. Honda decentralizes authority to their associates to maximize the flexibility and diversity in decision making process, and well adapt to the changes of global market. Making group decision of responsible persons in Honda is extremely effective. The theoretical advantage of this strategy is improving innovation and reducing risk, biased thinking. In fact, this strategic leadership style leads Honda to today success. For instance, the organization of Board of Directors or Board of Auditors includes not only inside company's employees but also external appointees. This feature helps Honda to make the distinction in global performing and competing. Outside company appointees play the role as supervising the execution of each board. As the result, the performance of each board becomes effective and efficient rather than organization with entirely inside company employees. By this strategy organizing, the company can ensure that working environment will be fair and strong without dubious cooperation. Honda manages its employees through promoting programs, principles and policies in supporting its organizational human resources. So, when people's needs are satisfied, they are well motivated, resulting in being eager to contribute more to organization. Honda satisfies not only low needs (physics, safety, belongings) but also high needs of employees (esteem and self actualization). Therefore,

Honda is more effective than a lot of other companies in motivating people, resulting in efficient, effective performance of employees and firm as well.

Chapter 8 Variations and adaptability

Base on chapter 8, it is discussing about the variations and adaptability of a company. This concept is very important because variations and adaptability are the most valuable characteristic of a company. A company that focus on variations will continue to move forward, looking to the future, and know how to shift to fixed current situation successfully. With this characteristic, a company will able to improve their product and services, seeking new opportunities and bringing new things into the market that consumer really need.

For example, the Japanese earthquake and tsunami that happen in the year 2011 has forced Honda to halve car production at its British factory because of a shortage of parts from its homeland. Honda began to implement a strategy of temporary adjustments that reduce daily production levels at its U. S. and Canadian auto plants on March 30 2011 as a result of interruptions in parts supplies from Japan in the aftermath of the earthquake and tsunami. By taking this action, Honda of the UK Manufacturing (HUM) will be able to continue production by utilising HUM's flexible working policy. Pay is maintained for all associates. Once full production is resumed, the reduced volume production will be quickly recovered using the banked hours. Ken Keir, executive vice president of Honda Motor Europe, said: ' We've taken the decision to reduce our production volumes at HUM as it enables us to continue with our manufacturing activities, thus minimising the impact on Honda customers, dealers and associates. As parts supply stabilises and full

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production resumes, Honda will quickly develop a production schedule to meet the needs of Honda's European customers,' said today's statement.

The other example are as Honda motor decision making is decentralized, this will facilitates rapid response to change in two or more environments. For instance, when some changes occur in American market, the local company freely makes decision in order to immediately adapt to the market. Instead of waiting the decision from Parents Company, it has authority to themselves decides, resulting in saving time, cost and reducing risk. Hence, Honda's associates more efficiently and effectively in exchange information together.

The third example is Honda introduced Air Blade Scooter with functions like sport and fashion model which are more fuel-efficient engine technology in Vietnam on April 2007 to attract the youth in Vietnam because Honda Vietnam has recognise that younger people in Vietnams prefer nice and expensive scooter and fashion accessory. So, Honda Vietnams has come out with idea in producing Air Blade Scooter to fulfil the local demand and it has successfully sold 950000 units after introduce Air Blake Scooter.

4.) Recommendations

Sun Zi said: If you can analyze your weaknesses or disadvantage, you can always use your strength to cover it and win in the business games. Analysis is very important to a company. A company will know their strength and weaknesses and opportunities about the new market. So, Honda motor should have the analysis and planning before they introduce a new product to the market. By do the survey and research, Honda can know the needs of

the market and can improve the quality of product to make sure the product is fit with the needs of market. This will make the product more successful.

As mentioned by Sun Zi, in strategic management, product must be differentiated from other similar products, or you will be spurned. Honda motor should introduce a new product that differentiated with other competitor such as Toyota and Nissan. Honda tends to come out with several ways in improving their weakness and exploit their strength in the market to gain profit and advantages over its competitor.

Honda motor should focus on this new product, so when the products come out, it will be very strong compare with its competitors' products. The proposal to produce this new product must be confidential; the other competitors must not know the plan of Honda motor. When Honda motor introduces the new product to the market, competitor will don't know how to defend, and the new product can be very successful. Besides that, Honda can become first mover to control the whole market situation and let the competitor to follow Honda motor.

Employees are the most important sources of a company. So, Honda motor must have a good communication with the worker, try to understand their situation and satisfy their needs. Besides, Honda motor can provide some training to the employee, so that they can upgrade their skill and knowledge about the technologies. Thus, they can use their knowledge to develop new product and help Honda to gain more advantages. On the other hand, Honda motor also can provides motivation campaign for the employees; this can give the chances to let the manager to interact with employees and improve

co-operative between them. Furthermore, the manager can become the role model to the employees; this can motivate the employees to be more productive.

Honda motor can give the rewards to the employees that have the well performance. This can maintain the employee's performance and increase their motivation. Beside, Honda also can gives the appreciate to all the workers so that the workers can know that their hard work are being appreciated and they will work more hard. This can help the company to run more smoothly.

In addition, as mentioned by Sun Zi, The main purpose of the war is to win in the battle and not to prolong the battle. Same with the business, speed is one of the ways to reduce the organization operating cost. Most of the business is selling their ' SPEED' concept for example INTEL, UPS and DHL. So, Honda should decrease the operating time because longer time taken to complete a product, more expenses is needed. When the time for operation is shorter, then productivity of organization is increase and improves their value in the market. Indirectly it will become more competitive advantage for the organization.