

# Elio engineering case study analysis

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Engineering's vision per the case study is to design and manufacture new advanced, low-cost, high-tech and safe ARTS called No Compromise seats for the entire automotive industry and potentially saving millions of lives around the world. Question 3: Describe the strategic options as of February 1999? What issues should the company consider in evaluating its strategic options? Engineering had achieved a great distinction by February 1999 because their prototype test had been proven very promising and MEMO customer's response had also been favorable.

Based on the prototype performance, made a licensing deal with Engineering in mid-February. At this point, Engineering had to consider if was the right partner for their vision. Also how much royalty fees should they charge for their services? Question 4: What is the structure of the automotive seat industry in 1998? How attractive was the industry? The Structure of the automotive seat industry in 1998 looked like the following: Two Tier-one companies - and Lear Corp. with almost equally split about of the market and dominant share worldwide. The number- three player, , has about a 10% share in the U.

S. Many of the competitors already had an ABYSS seat in their product portfolio or were currently working on the technology. So it was already a mature industry with stagnant technology. The industry was not attractive because competition would be fierce with the 70% of the market controlled by three companies. Only way Company could stand a chance is if new company had new technology and cost reducing product. Question 5: What are the potential sources of competitive advantage that Engineering has?

How Sustainable are they? Why/ Why not? Engineering has many Along with it, they have insider knowledge of the seating industry.

Secondly, they have the product that can penetrate whole automotive market and not Just one supplier tied to the one automotive company.

Finally, Engineering is highly motivated and has ability to find to find new resources to expand. As far as sustainability goes, Engineering will certainly fail if they enter the market alone because they don't have enough resources to compete with other competitors own their own at the moment. As they lack the capital requirement, lack of competence in manufacturing, distribution, lack of access to Memos and able to implement of SIT delivery.

They can be at risk of takeover by the bigger company or the competitor.

Question 6: What are Engineering strategic options in entering the automotive market? Please evaluate these options and reach a conclusion on the most attractive one. The Challenge for the Engineering is to enter all segments of the automotive seat market within next 12 months, protecting its intellectual property which is implemented in the special class of ARTS technology seat design achieving at least % of the U. S automotive market within next 5 years. But it is very hard for Engineering to achieve by its own due to lack of resources.

They can also consider the following alternatives Alternative 1: Engineering could collaborate with tier-one seat supplier Company. This will provide the following advantages: Founder members have previous experience dealing with tier-one seat Company. The tier-one suppliers have High volume manufacturing and distribution Experience in product design & development

and manufacturing power, Easier to get us federal safety standards Strong relationship with Memos Disadvantages are: Have less control over the core BATS technology with lower profit margin.

Alternative 2: Olio Engineering could collaborate with multiple Memos.

Advantages for doing it will be: High market share Sufficient resources, matured strategies Secured market, less financial stress. Disadvantages: Less control over BATS technology and limited market exposure and lower margins. Alternative 3: Olio Engineering can establish as a tier-two supplier. Advantages: Supply product to all tier supplier and more control over BATS technology. Disadvantages: Product delay due to large capital requirement, lack of competence in manufacturing, distribution, lack of access to Memos and able to implement of SIT delivery.

Low product value added. After considering all the above presented

alternatives, I think Alternative 1 would the best suit for Olio Engineering.

Also Olio Engineering started up by partnering up with Bistros Seating, which supplied seats for heavy trucks and bus industry in 1999. Question 7: How well is Olio Engineering's Tech strategy aligned with the anything, should they change? According to the article, Olio Engineering has taken all he right steps to ensure they are aligned with the requirements for the successful entry into the automotive seat market so far.

They have obtained and registered a strong patent which would prevent other companies from copying their designs. They have the product that meets all the safety standards, low-cost and is durable. In order to successfully enter the automotive seat market, they need to have a system

integration approach to ensure automotive market for their designs.

Moreover, they need to partner up with the company with strong market influence otherwise they would most likely fail on their own.