

A case study of j boats



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Objective: The objective of this essay is to look at the issue of organizational tensions and basics for successful strategy via the case study of J Boats. This essay introduces the case study of J Boats and the key players, details the five forces analysis, looks at resources and capabilities, tensions, the 4 Ps of strategy and finally comes up with the future recommendations to management and strategic risks faced by J Boats.

J Boats and Key players: J Boats is America's most successful and famous boat-builder. Over the period has won many awards. J Boats operates its business in eight countries Argentina, Australia, Italy, France, England, Japan, Brazil and South Africa. Each year, over 100, 000 people around the world sailed on one of their boats. It is operated by only five individuals of a single family. Rod who is the founder of J boats made his first boat " Ragtime" in 1974. Bob is the co-founder of the company and elder brother of Rod and he made the strategy of business. Jeffery, son of Rod became president of the company in 1987. Stuart and Drake sons of Bob became vice-president and sales manager in the same year 1987. Alan, son of Rod became product development manager. In 1993 Drake left his position and Jim (nephew of Rod and Bob) became sales coordinator. Tillotson Pearson International (TPI) is the major supplier of the company. J Boats has a network of 65 independent of dealers around the world.

Five Forces Analysis: The five forces analysis provides a useful framework and checklist for analyzing the competition dynamics of any given industry (Simons 2000, pg 19). The five forces that determine the degree and nature of competition in boating industry are: industry

1. Threat of new entrants

Easy to set up for example boat manufacturing can take place in home garage. High investment in research and development and product innovation required. J Boats has created professional dealer network distribution. J Boats have a long history of heavy advertising and this has earned brand equity and loyal customers all over the world.

2. Suppliers

All the Boats of J boats are building by TPI and this gives supplier, TPI, a lot of bargaining power. On other hand there is mutual agreement between TPI and J Boats where TPI is exclusive manufacture for J boats.

3. Substitutes

Large numbers of recreational activities available e. g. skiing, swimming and outdoor sports such soccer etc.

4. Buyers

Buyers are price sensitive. Buyers can easily switch to different suppliers. Dealer earn industry standard margin.

5. Industry rivalry

High fixed cost increases the firm's willingness to discount to utilize capacity, increasing rivalry.

Firms Resources and Capabilities: Resource is more broadly defined as strength of the business embodied in the tangible or intangible assets that

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are tied semi permanently to the firm (Simons 2000, pg 21). Capabilities refer to the special resources and know-how possessed by a firm that gives it competitive advantage in the market place (Simons 2000, pg 23).

J Boats has strengths in the major functional areas of a business, such as research and development and marketing and sales. It has ability to respond quickly and effectively to market needs. J Boats capabilities are also created by being first at creating new design- a “ first mover” and locking out competitors.

Tension in organization: Organizations are complex entities in which managers must balance a variety of forces (Simons 2000, pg 7). J Boats needs to balance opportunities and attention. It has three projects in production J/160, J/32 and J/100 that absorbs time and money. It is hard for a company to decide which project to continue with for next years. The managers must ration their time and attention wisely.

Secondly, J boats are attempting to grow it business however an excessive emphasis on growth can lead to danger without consideration to profitability. J boats need to balance profit, growth and control. J boats need to make strong financial planning. Only when a business is profitable can managers focus on growing the business (Simons 2000, pg 8).

The 4Ps of Strategy: These are Perspective & Mission, Position in Industry, Patterns of Action and Plans & Goal. These are explained below.

Mission statement: A mission statement is a formal commitment to stakeholders that the company’s strategy incorporates and recognizes their

claims on the organization (Hill 2007 p 34). J Boats mission is to become ‘one of America’s most successful and famous boat- builders.’

Position in Industry: Means what industry position it wants to achieve through its strategies? (Hubbard, Jaynes, Clowes, Winter, Samuel, Pg. 3. 7, 2009). J Boats wants to build best performance sailboats, thus creating value by offering quality products.

Patterns of Action: To succeed over the long term, managers must keep their eyes focused on customers and competitors and their ears to the ground. They must listen and learn (Simons 2000, pg 37). J Boats is a best performing brand because of product innovation, advanced research and development and networks and relationships with suppliers and buyers. J Boat is very creative and fast moving with a new idea and currently it’s moving in low cost boat.

Plan & Goals: Goals are the ends or results that management desires to achieve in implementing the business strategy. Plans and goals can be used to communicate strategies and coordinate actions (Simons 2000, pg 32). From management perspective greater success of company is to handover J Boats successfully to next generation.

Recommendation: These are a few recommendations that could support company to perform in more effective and efficient manner in future. These are explained below.

Effective planning system: Effective financial planning means the development and implementation of co-ordinate plans for the achievement

of a client's overall financial objectives (Leimberg 2007, p 3). J boats need to make strong financial planning. These will tell the J boats that whether the company is running as efficiently as possible or not. It will also help management to analysis cash flow position, further investment objective and goals.

Quality and performance: By being the first mover (means first to create a new performance boat design) in the niche product segment (i. e. quality and performance) alone is not sufficient to ensure this advantage is maintained, and J Boats must continue to innovate in product development, maintain good supplier and dealer network and stay one step ahead of its competitors.

Expansion: To create long-term strategic advantage, J Boats really needs to look to expansion options that ensure strong growth and profitability. On this basis, expansion of new low cost boat and different supplier bases will provide a good foundation.

Strategic Risk: The process of overseeing the management of all the firms' risks is strategic risk management (Hubbard, Jaynes, Clowes, Winter, Samuel, 2009). However, it is vital that the risk attached to any options is carefully considered by J Boats before embarking on these options. They will significantly change the underlying business model of J Boats, increasing the level of complexity and uncertainty associated with revenue streams generated from new products and markets. In order to successfully integrate any expansion into the existing business, J Boats must ensure that risk

management becomes an essential component of the business planning cycle.

Conclusion: Future growth and development are clearly important factors in the J Boats business model. The development of brands loyalty and consistency of product innovation and expansion into low cost boat is likely to be the way to success. J Boats ensured that one of the Johnston's was represented on the class association executive board to monitor closely any proposed changes in racing rules that might affect specifications and allowable equipment when racing, this a good example of how the company is ensuring its well placed for the future and has strong capabilities that are able to meet the strategic goals of the company.

Company should understand running a business on one supplier base is much more risky in term of long future plan thus it's vital to have more than one supplier. Finally we recommend J Boats to consider rotation of duties for fear that if misfortune happen to a family member the business will continue in future without major interruption.