

Gm case analysis

Business



GM is using the prospector strategy to boost sales and increase overall income each year to raise their profit margin to the highest in the auto industry. If they achieved this they would be a huge competition to other car manufactures. The company made many changes to GM internationally to try to find new ways to increase profitability while decreasing costs.

They stated that they cut their global work force from 263, 000 to 208, 000 because of the turnover.

This huge cut to the global work force decreased cost for GM which was a strategy save income. If they didn't try to change things for the company they could have been at risk of bankruptcy within the company. Focusing on profits and healthy margins helped GM regain the title of world's largest auto maker. 2.

Gem's vision consists of achieving the highest profit margin in the automobile company and the highest overall income in the industry. Their vision sounds realistic according to their increases in their income from 2010 to 2012.

An increase of 4 billion dollars every 2 years is a significant increase in income which could lead to GM making the most income of any company in the industry. It is going to be hard for them to take the title of the company with the highest profit margin. The article stated that BMW and Haunted were estimated to receive a 10% profit margin in 2011. With this being said, it would be hard for GM to Jump from a 6% profit margin too 10% margin in a little amount of time.

Haunted and BMW both would most likely achieve an even higher profit margin than 10% by the time that GM received a 10% profit margin. 3. One of the main goals of GM is to make more than \$10 billion a year. This goal is definitely a realistic and achievable goal for the company if they follow the steps they need to. Based on their statements, GM has an average of a 2 billion dollar profit increase each year. In 2011, they reported a total profit of 8 billion dollars.

According to their statements, the company should achieve their goal at the end of 2012.

Another goal that they want to accomplish is having fewer auto platforms. This will save cost and increase profitability and increases in profit margin. The goal is very obtainable and realistic. Ford reduced their platform count to just 5 platforms.

The result of Ford achieving this goal was that each Ford made, produced around \$300 more dollars in profit than GM over a one month span. 4. GM is following the planning/control cycle precisely. They started out by making the plan to cut incentives to save money.

The cutting of the incentives saved the company money which increased the total amount of profit they made at the end of the year.

They carried out the plan by cutting its global workforce and union workers, closed 15 plants, and reduced their models by half. GM noticed that by doing these things their annual income and profit margin increased. Another thing that GM did to achieve healthier profit margins was basing bonuses for

executives on the companies margin. This cut down on executives receiving large bonuses even when profit margins were down evening out the margins.

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There was lot to learn about planning based on this case about GM. Planning increases the efficiency of business strategies. Once GM started planning out the way they accomplished their goals they increased the efficiency of the company. After establishing a good plan and following through with it they were able to achieve the high income levels and healthy profit margin they wanted to obtain. GM went bankrupt due to the fact that they didn't have a good business plan. As you can see, bad planning can result in losses to the company.