Assessing how honda entered the us market business essay

The two accounts of how Honda entered into the US market are very different; The Boston Consulting groups (BCG) report clearly shows a deliberate approach to Hondas strategy in penetrating the US motor cycle market. The report documented by Richard Pascale “ an insider’s account of Honda’s entry into the US market” shows a clearly defined emergent strategy. The following study is to better understand the Key differences between these two accounts of Honda’s entry into the US motorcycle market.

The BCG report was requested by the British government to investigate why the UK motorcycle industry in the USA had declined since 1960. The report identified two main factors that led to the UK motorcycle industry dissolving in the US.

1. Market share loss.

2. Poor Manufacturing, technological and distribution techniques.

The BCG report states that Hondas success in the US market was because of a clearly defined deliberate strategy. Hondas great success in its home country (Japan) had given Honda a highly competitive cost position to peruse other international markets. The increasing demand of Honda products in Japan led Honda to decrease the cost of out-put while increasing the level of out-put; Honda used this competitive advantage it penetrate the US market and gain a relatively high market share. (Minzburg, H. & Quinn, J.   1991).

Honda identified its market Deliberate or accidental

The BCG report states that Honda entered the US and identified small bikes as their target market, this account is different according to Mr Pascale who stated the following " We still hesitated to push the 50cc bikes out of fear they might harm our image in a heavily macho market" this shows that Hondas intention was not to sell smaller bikes but rather to go with the rest of the industry by selling the bigger bikes.

Emergent Strategy a pattern of action that develops over time in an organization in the absence of vision, mission, and goals, or despite missions and goals, or in addition to what was conceived of in the intended and deliberate strategies.-the decisions that emerge from the complex processes in which individual managers interpret the intended strategy and adapt to changing external circumstances. Thus, the realized strategy is a consequence of deliberate.

Deliberate Strategy a plan of action, flowing from the intended strategy that an organization chooses and implements to support its vision, mission, and goals, and emerging factors. Analysis of Honda's successful entry into the U. S. motorcycle market has provided a battleground for the debate between those who view strategy making as primarily a rational, analytical process of deliberate planning (the design school) and those that envisage strategy as emerging from a complex process of organizational decision making.

what is special about Honda is that it has served and continues to serve as the

exemplar for three very different views of strategy:

-The first is the BCG Report [1975] story of Honda's cost advantage, developed (the story goes) by the successful exploitation of scale and learning, and of the " segment retreat" response of British and American competitors. Anyone who received an MBA between 1979 and 1985 was almost certainly exposed to this version of history.

-The second, explicated by Pascale [1984], offers a revisionist account of Honda's motorcycle success.' According to Pascale's interview with six Honda executives, the company's early scale in Japan came from its having a better product, flowing from design skills. Furthermore, Honda did not " target" specific market segments in the U. S., but rather showed an ability to experiment, to learn quickly from mistakes, to rapidly revise design problems, and thereby to discover opportunities.

- The third, described by Prahalad & Hamel [1989, 1990], couples Honda's success in motorcycles with its successful entry into the U. S. automobile market. Here the center of the story is Honda's remarkable ability to go from " nowhere" to prominence despite the earlier entry of very efficient competitors like Toyota and Nissan. Prahalad and Hamel have given the names “ intent” and “ stretch” to the processes which underlay this success

and the name “ core competence” to the central skills and abilities that Honda built upon. Before addressing the debate between the “ design school” and the “ process school” views of strategy, it might be useful to review the source materials.

Honda’s team ran into a series of setbacks in America, however. Most motorcycle

dealers were unwilling to accept an untested product line. When the team finally signed up

several dealers who then sold a few hundred units, Honda’s inexperience in design for vehicles

in highway use became apparent as clutch problems and oil leaks severely damaged the

engines. Repairs on warranty bikes nearly bankrupted the company.

Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly [i. e. regularly] to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment., or a new social, financial, or political environment.

Strategic formation is a combination of three main processes which are as follows:

Performing a situation analysis, self-evaluation and competitor analysis: both internal and external; both micro-environmental and macro-environmental.

Concurrent with this assessment, objectives are set. These objectives should be parallel to a time-line; some are in the short-term and others on the long-term. This involves crafting vision statements (long term view of a possible future), mission statements (the role that the organization gives itself in society), overall corporate objectives (both financial and strategic), strategic business unit objectives (both financial and strategic), and tactical objectives.

These objectives should, in the light of the situation analysis, suggest a strategic plan. The plan provides the details of how to achieve these objectives

Strategy evaluation

Measuring the effectiveness of the organizational strategy, it’s extremely important to conduct a SWOT analysis to figure out the strengths, weaknesses, opportunities and threats (both internal and external) of the entity in question. This may require to take certain precautionary measures or even to change the entire strategy.

In corporate strategy, Johnson, Scholes and Whittington present a model in which strategic options are evaluated against three key success criteria:[3]

Suitability (would it work?)

Feasibility (can it be made to work?)

Acceptability (will they work it?)