

Motorola inc essay

[Business](#), [Company](#)



1. Describe the salient opportunities and threats that exist in Motorola's external environment.

One of the opportunities for Motorola at the moment is the rise of new economies in Asia, Latin America and Africa. Markets in these regions are not well explored yet; therefore Motorola can gain an advantage over competitors, if they start expanding into the new areas before the others. Moreover, potential cooperation and even mergers with partner companies may allow Motorola develop their business further and take advantage of the potential synergies.

A serious threat for Motorola is the current economic crisis. Under the existing conditions, the company continues losing market share, indicating insufficient preparedness. Unless Motorola adjusts its strategy to the recession period, its sales will continue to fall, leading to even larger loss of profit and diminishing of the customer base. Furthermore, competition in the market is getting more and more severe, with a faster change of the market trends, consumer preferences and with the entry of new competitors. As Motorola does not have a clear positioning in the market, either as a price or a quality leader, its products may be lost in a large variety of available alternatives, leading to lower sales and profitability.

2. Describe the company's most prominent strengths and weaknesses.

One of the most important strengths, which Motorola possesses, is its brand image. Company mission statement clearly defines Motorola's core concentration on connecting people in the most innovative way. The long history of success created a certain brand image in the minds of consumers,

who believe Motorola to be reliable, technologically advanced and innovative.

The world quality management standard, the “ Six Sigma”, has been designed by Motorola in 1986. It has become a guarantee of high quality for numerous companies all over the globe, and reflects Motorola’s commitment to improving the quality of their products. Therefore, reliability is one of the major strengths of Motorola, which can be emphasized in the future promotional campaigns, approaching the customers.

Although the supply chain of Motorola has been criticized for a small number of suppliers and frequent delivery delays, company’s supplier relationships can be listed among its major strengths. Year after year Motorola is conducting extensive cooperation programs with the aim to improve communication with the suppliers and to make sure all Motorola’s requirements are being met. Although small number of suppliers may be inefficient in the short run, resulting in lower competition, and therefore higher input prices, as well as delivery risks, in the long run such close cooperation may be beneficial in establishing tailored supply chain solutions for the company, including conducting the current Motorola’s strategy of lean logistics.

The major weakness of Motorola, especially in the Mobile Device market segment, is the lack of strategic orientation. According to Porter, in order to be successful a company has to be either a cost leader or possess a competitive advantage, which would distinguish it from the rivals. In the case of Motorola, there is no clear definition of its strategic orientation in the

market. The company provides communication devices for various customers and at various price levels. Its former advantage in providing the most technologically advanced products is vanishing, as Motorola has not been able to keep up with the innovation efforts of the competitors. Therefore, the company is currently in the so called “ stuck in the middle” position, which is characterized by sales stagnation and eventual business failure.

Motorola’s customer base is highly concentrated. Big companies make up a significant part of the overall customers number. However, in this situation the loss of one major customer can be detrimental for the company in general. Therefore, Motorola should be more aware of the consumer loss in the private customer segment and aim their marketing efforts at diversifying customer base, leveraging the current B2B business relationships with increasing brand and product awareness among private consumers.

Motorola’s supply chain policies currently have a negative impact on the company’s performance. Low number of suppliers results in higher raw material prices due to a lack of competition, as well as frequent shortages and delivery delays. Despite the fact that it is easier to establish closer relationships with just a few suppliers, it cannot be done at the expense of delivery reliability.

3. Describe the advantages and disadvantages associated with each of Motorola's strategic options.

In the core of Motorola’s strategy lies separation of the Mobile Devices Unit from the parent company, with the aim to obtain “ improved flexibility, more

tailored capital structures, and increased management focus-as well as more targeted investment opportunities”, as it was described by Greg Brown, the CEO of Motorola solutions. However, at the same time such a separation can affect the brand image and disrupt the manufacturing, technological and management synergies between the divisions.

Lean operations strategy, pursued by Motorola, can significantly improve their productivity and lower the costs. It can therefore increase the current margins, thus contributing to the recovery of the company’s financial position. However, taking into consideration the current supply chain problems due to a limited number of suppliers, lean processes cannot be successfully used in the company. Moreover, reducing buffers for lean principles implementation may aggravate the consequences of delivery delays and shortages, putting the company under further risk.

Cost reduction strategy can also have a dual effect on Motorola’s performance. On the one hand, it may attract more customers, especially in the new markets in the developing countries. However, it may also squeeze the margins even further, worsening the unstable financial position of the company. Moreover, cost cutting is only advisable if Motorola aims to become a cost leader in the market. It will, however, have a negative impact on the brand image of the company, creating a general perception of the products, as cheap, no frills items. In this case consumers will be reluctant to pay a premium price, making it less feasible for Motorola to sell luxury products, as well as limiting the funds and need for innovation, one of the core competencies of the company.

4. Describe how the corporation's strategy and organizational structure can be designed to solve the company's strategic issues.

The current plan of Motorola to separate the Mobile Device Unit can be the right strategic choice in the existing situation. It will help to design company's orientation, targeting a particular market segment, therefore exploring its potential deeper and understanding customer preferences in a better way. Moreover, flexibility of the new company would allow faster adjustment to the constantly changing and highly competitive environment in the mobile device industry. Such an organizational structure will also facilitate clearer responsibility assignment.

5. Explain how Motorola should proceed.

Motorola's strategic decision to separate Mobile Device unit can become a significant achievement, if it is conducted appropriately. Once separated from the parent company, the new entity should undertake detailed research of the market potential and current consumer preferences. Only knowing the contemporary market trends, such as smartphone development, as well as designing only the products, which are desired by the customers, can bring success as well as improve sales and market share of Motorola. Further advances in the area of WiMAX technology and improvement of products' operation systems are the right steps on the way to regaining innovation leadership for the company. Moreover, changes have to be made not only on the strategic and product levels, but also in the supply chain of Motorola. Thus, increased supplier base combined with lean processes and supplier

relationships management can prove to be successful in the future, reducing company's cost and improving its profitability.

Motorola, on the other hand should be aware of the potential difficulties associated with cost reduction strategy and expansion into Asian markets. As their competitors such as Samsung are much stronger in Asia, and low pricing can significantly harm Motorola's brand image, these strategies should be executed with caution. It is more advisable to maintain the current price level, concentrating on improving product quality, while targeting other emerging markets, where mobile industry is underdeveloped and has little competition.