

# Good example of case study on porsche case

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



## **Introduction**

The world automobile industry has undergone considerable changes influenced by various challenges and priorities. As a result, automobile producers have to apply effective tools managing challenges and problems. They must introduce efficient strategies to successfully meet their business goals within the shortest period of time. Porsche SE is a well-known world leader in sport and luxury cars manufacturing, which was established in 1900 by Ferdinand Porsche (Hitt, Ireland, & Hoskisson, 2008). The company is located in Germany and is presented all over the world in main automobile markets. The success of the company is the diversification of produced models and its ability to provide the luxury consumers with the products of the highest quality (Hitt, Ireland, & Hoskisson, 2008). To achieve efficiency and success, the company has significantly invested in innovative technologies. However, internal environmental factors have influenced and changed the business processes and approaches to production. Increasing fuel prices, government action and restrictions, environmental protection matters and the deepest economic recession have become the major challenges for the company. This writing will provide internal environment analysis of Porsche SE and identify its major strengths and weaknesses.

### **Internal Environment Analysis**

## **Resources**

Resources (or factors of production) help create company's competitive advantages and include tangible and intangible resources.

Tangible resources:

- Financial (Porsche is rather prosperous company and possesses great financial assets. In 2010 Porsche SE entered the VW family and in 2012 generated the greatest part of the VW sales revenue (Hitt, Ireland, & Hoskisson, 2008)).
- Organizational (corporate head quarters, business units, SBU divisions).
- Physical (the company's business operates mainly in Germany; in 1996 the Boxster/Cayman was produced in Austria (Hitt, Ireland, & Hoskisson, 2008)).

Intangible resources:

- Human Resources (Porsche hires highly experienced staff and the brightest engineers in the world. Employees are protected, supported, unionized).
- Innovation (Porsche SE has created innovative technologies at low prices that are difficult to imitate (for instance, the 7-gear Porsche Doppelkupplung) (Hitt, Ireland, & Hoskisson, 2008)).
- Reputation (The company has the excellent reputation owing to its powerful, luxury, elegant car models that can satisfy the needs of premium customers).

Capabilities

Porsche integrates its resources rather effectively creating business capabilities among which human capital is the most valuable. The company has accumulated the best world experts and engineers and highly appreciates this corporate wealth. Moreover, innovations are also considered as Porsche's corporate capability.

Core Competencies

- The company is ranked as the leader in providing the highest level of safety and reliability.

- The feature of reliability is typical to all car lines (trucks, sedans, etc).

#### VRIN Capabilities

- Valuable: Research and Development Systems (R&D Systems), product line, HR.
- Rare: customization of vehicles, innovations, technologies.
- Costly to Imitate: unique high-performance five models in the market, unique innovative technologies (for example, PDK and PVT systems (Hitt, Ireland, & Hoskisson, 2008)), which are costly to imitate.
- Non-substitutable: the company's prestigious brand and image.

#### Value-Chain Analysis

- Marketing and Sales. Influenced by CAFE restrictions, Porsche SE has concentrated on China having more than 15 percent of its overall revenues in this destination (Hitt, Ireland, & Hoskisson, 2008). However, its international expansion is mainly focused on exportation.
- Operations. Porsche possesses almost 50 percent interest in MHP (IT and SAP Systems), which provides the possibility to produce several car models (Panamera, Carrera GT, Cayenne) on the same line (Hitt, Ireland, & Hoskisson, 2008).
- Technological Development. Introduction of lean production helped increase revenues and profit in 2010 (Hitt, Ireland, & Hoskisson, 2008).

#### Conclusion

Thus, the Porsche's Internal Environment Analysis lets to reveal the main corporate strengths and weaknesses.

#### Strengths

- Strong reputation of five models (especially, of the most famous 911

model)

- The highest quality
- Broad diversification
- Experienced staff
- Unique innovative technologies
- Fast growth of Porsche cars in all market
- Loyal customers

#### Weaknesses

- Very few number of models, which are rather expensive for middle class
- Very few strategies for internationalization
- Lack of capital
- No SBU divisions in Africa
- Unable to adapt restrictions (i. e. CAFE regulations)

#### References

Hitt, M. A., Ireland, R. D., Hoskisson, R. E. (2008). Porsche. In B. Boatcallie, A. Chase, B. Salehi, I. Skrisovsky, A. Volio (Eds.), Strategic Management: Competitiveness and Globalization: Cases (pp. 317-326). Mason: Cengage Learning.