

Example of case study on gm eds

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



GM & EDS

The implied strategy of GM was ensuring good leadership in the company as well as responding to the environment effectively as a way of competing in the global market. It is due to this strategy that the company has been performing well in the market. Specifically, the company was the best in the global market before 1980s. The good strategy made the company to expand in the global market. It had large amount of employees and many branches to manufacture its products.

On the other hand, the realized strategy of GM was diversification. This is whereby a company sells various products so that when one product fails, it is able to benefit from the other product. By acquiring EDS, GM aimed at ensuring easy processing of data in the company. It also aimed at ensuring that records were well kept in the organization. The major aim was to respond to the environment that has witnessed technological changes. However, what was realized was diversification whereby EDS continued to offer services to other companies. In addition, GM further acquired Hughes aircraft in 1985 to further diversify its activities. Generally, this strategy was to diversify the risks associated with the global market.

It is argued that when a company wants particular skills to facilitate its activities, it is better to hire new employees and train them on the skills instead of acquiring another firm to supply the skills. This is due to the divergent culture of any two organizations. The results of divergent culture during merging are that there will always be conflicts in the leadership of the final organization. The objectives of the two firms are totally different and the workers are used to different ways of doing things. Therefore this

situation causes conflicts among workers and the leadership. This is dangerous in that it leads to inefficiency and the profits of the organization end up falling. In the case of GM and EDS, the EDS manager had to quit job due to the conflicts in leadership to facilitate proper running of the organization (Leffingwell, 2012). In addition, the difference in culture of the two organizations is what led to the decline in profits of GM to a great extent six years later.

Powerful leaders are individuals who make things to happen, through people. They are people who have self confidence and ability to influence others to perform various activities. Presence of powerful leaders is very important for the success of any corporation. Powerful leaders are able to create effective teams in their organization. They are people who are able to build teams and encourage them to perform various activities in the organization. Teams encourages learning in any corporation such that all the workers acquire various skills that enable them perform their activities easily. In addition, efficiency of the workers is enhanced and therefore the goals of the organization are achieved within a short period.

Powerful leaders also are able to motivate their employees to a great extent. even though tasks are difficult, powerful leaders assure the employees that they are able and this makes the employees to put more efforts leading to the achievement of the set goals even though difficult.

Generally, powerful leaders make it possible for an organization to achieve the set goals within a short period. The efficiency of the workers in performance of duties is enhanced due to teams put in place by the powerful leaders. This makes a corporation to be different from others hence creating

a competitive advantage that leads to the success of the corporation.

Shared vision is very important for the success of any organization. The shared vision sets a basis of planning and management of the organization towards achievement of the vision. The managers base their management decisions on the vision. They are able to manage the activities of the organization such that they are in line with the vision (Daft, 2012).

Sharing of vision helps to create an organizational culture that will create conditions for the achievement of the vision. Teamwork is enhanced in the organization and it becomes easy to identify mistakes in the organization and therefore the necessary actions can be taken to ensure that the mistakes are corrected and the achievement of the vision is possible with the corrections.

When employees are aware of the vision of their organization, their efforts are then focused towards the achievement of the vision. In the first place, shared vision helps to avoid confusion in the organization since individuals will be aware of their roles in the organization towards the achievement of the vision (Hadden, 1923). Therefore when the vision of the organization is shared, it makes it possible to devote all efforts and resources towards the achievement of the vision. This makes it easy for the organization to achieve its set goals and objectives and hence achievement of the organizational vision.

In the merging process, there are hard and soft issues that should be dealt with for an effective running of the final business. The hard issues are those that do not affect the people in the organization. In the first place, mergers may cause unemployment to some people and therefore the organization

should be able to solve this issue to ensure that these people are comfortable with the situation (Daft, 2012). The remaining employees may also be greatly demoralized by the situation and also fear is created in them in that they are not guaranteed of the security of their jobs. Therefore the organization should be able to find ways of motivating these employees. The other hard issue is failure to concentrate on the needs of the customers after the merger and this can lead to loss of customers hence failure of the merger. Key people in the organization may leave the organization and there is a need to ensure that the roles they were playing are taken care of (Hadden, 1923). In addition, it is important to ensure that employees are aware of their new roles after merging to avoid confusion.

The soft issues are also very crucial and must be addressed otherwise they can lead to failure of the merger. After the merge, measures should be put in place to ensure that the differences in culture are addressed. An environment of learning the new culture should be put in place. In addition, the management should be adjusted to meet the needs of the new organization. The management is also required to make decisions in time and respond effectively to the problems arising in the organization to ensure effective merger (Leffingwell, 2012). Generally, soft issues involve effective planning and then implementing the plans effectively. Decisions should also be made within a short period to ensure success of the merger.

At the end of the case, Perot sold all the shares he held in the company to the general motors. It was further agreed that Perot was not to carry out any competing business in the next three years after his exit from the company. Perot later started Perot Systems Company. Perot then engaged in political

activities of United States after he left the company to his son. The company was later sold to Dell Company.

Currently, the financial position of the company is very poor. In the last three years, the company has made losses that have made the stakeholders of the company worry about the situation. They are currently investigating the cause of the situation. In its first quarter, the company has recorded a loss of 39 billion dollars. On the other hand, EDS has been performing excellently in the last three years. This has been attributed to the provision of quality services and ensuring satisfied customers in the technological sector.

Generally, the company has recorded a 58 percent of increased earnings per share from last year. The profitability of the company has also increased to 900 million dollars (Daft, 2012).

Smith continued to manage GM motors specifically encouraging more mergers as a way of ensuring success of the company. Some of these acquisitions were greatly criticized. As a result, smith decided to separate EDS and GM in the year 1997. EDS therefore became an independent company. Many workers in GM lost their jobs through the actions of smith. These workers pressurized the retirement of smith and in the year 1990, smith retired hence ending his term in general motors.

Smith refused to go to flint due to the conditions that prevailed in the region during the period. Many people were unemployed and most of the workers were working for general motors' but were then laid off by smith. As a result of unemployment, insecurity in the region was too much and therefore feared that he would be killed since the people in the region hated rich people and furthermore the fact that smith was behind their unemployment,

he feared that these people would kill him.

It has been realized that for many years, GM has failed to show social responsibility to the society it operates in. social responsibility is important in that it helps the society from which GM draws most of its resources from.

Some of the social responsibilities that GM should carry out include paying good wages to its employees. It is argued that the current payment makes it impossible for the employees to meet their daily expenses of fare and food.

In addition, the company should ensure safety of the workers (Daft, 2012).

The current reports of deaths of employees are worrying. In addition, the company is being blamed for dumping wastes that affects the health of the society that the company operates.

GM should ensure social responsibilities to the society by ensuring clean environment, creation of employment opportunities to the neighbors, paying taxes to the government and safety of the workers. This will create a situation whereby the people will support the activities of the company.

Otherwise conflicts with the local people can hinder the activities of the company.

Even though the philosophy has of GM has changed since the time of Alfred Sloan, the change is insignificant. The philosophy was to provide the people cars that they wanted. This meant providing quality cars to the customers.

This was facilitated by responding to the customer needs as soon as possible. The company during the time was not so much concerned about public issues but instead carried out risky investments. Up to now, this philosophy exists since it can be seen that GM is less concerned about public issues such as social responsibilities to the society. The company has

engaged in many risky businesses such as acquisitions (Leffingwell, 2012). However, the company values the goods it delivers to the customers. The products are of high quality and in addition, the company responds to market changes to meet the needs of the customers.

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