

Business plan input and matching stage

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Business Plan Input and matching stage Business Plan Input and matching stage External scan External forces are beyond the control of Ford Motor Company. These external forces may be threats or opportunities to the company. Conditions such as increased production of automobiles, competition from Nissan automakers and high inflation conditions in areas such as Venezuela contribute to economic factors affecting Ford Company. Moreover, under social factors, Ford company ensure corporate responsibility to the society by racing and building lighter-weight pickup trucks using aluminum to achieve better fuel economy. Technology factors include collaborating with Microsoft Corporation, development of vehicles with LTE 4G broadband connections and car designs with removable bicycle frame tucked in its body. These factors increase sales of vehicles in the company. In addition, U. S requirements such as federal emissions Standards and heavy duty vehicles contribute to the political factors influencing sales of Ford Company.

Porters Five Forces

Suppliers

The supplies of Ford Motor Company include electronics, braking systems, car batteries and integrated vehicle systems. The major suppliers are Johnson Controls and TRW Automotive Holdings Corporation. Johnson and TRW Companies have high bargaining power because of low competition (University of Kentucky 1).

Consumers

The major consumers of the Ford products are people and schools who need vehicles. People with ages 55 to 64 whose estimation is around 76 million are the major buyers in comparison to other age cohorts and so have higher

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bargaining power.

Current competition

Ford Motor Company, General Motors Company and Toyota Motor are the major industry players. General motors occupy 17. 9% of the market share, Ford occupies 15. 9% and Toyota holds 14. 3%.

Threat to new entrants

The potential of new entrants in the motor industry is low and depends on who is planning to enter the industry. High capital needed to start a motor company, competition from existing firms and establishment of new suppliers are barriers new entrants face.

Substitute products

Ford Motor belongs to the transportation industry whose potential substitutes include air, water and railway transportation vessels. Air transport as a substitute is very convenient and fast. Lower costs of transport on the substitutes may lead lower sales in motor industry.

EFE for ford

Opportunity

Why selected

Weight

Rating

Weighted score

Ford races to help people increase Ford fuel use

To increase sales and make faster fuel efficient cars

0. 45

2

0. 90

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Forming partners with Microsoft corporation

Ford is very competitive with technology advances

0.25

3

0.75

Threats

Competition from General Motor Company

Providing loans to customers and producing fuel efficient cars

0.10

2

0.20

Environmental pollution

Aiming for customer safety

0.20

4

0.80

TOTAL

1.0

2.65

The total weight of 2.65 shows that Ford Company is above average based on the external factor

Internal scan

The top management team includes Chris Policinski who is the president and CEO, Lisa Deverell is the senior vice president, John Ellenberger senior vice president, Jim Fife executive vice president. The HR is expected to conduct all company's business while obeying the laws of the country and ensure

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that all employees observe the ethics of business. Ford's culture is to win the hearts of many customers and maintain the relationship. Ford sells high quality vehicles at affordable prices thus attracting high market.

Financial ratios show difference in sells and net incomes for Ford and Toyota companies. All current ratios of Ford since 2013 -2011 are higher than one indicating that ford is more able to pay short- liabilities. When compared to its competitor Toyota, ford is doing better. Debt ratios for Ford are above one and thus have high debt to its stockholders equity. Gross profit ratios that measure the remains of the company's sales after covering operation and overhead expenses are lower compared to Toyota's. In 2013, the net profit ratio ford was lower than that of Toyota, therefore ford made less profit from its dollars. Change in sales is a ratio indicating percentage profits or loses of Ford Company. in 2011, Toyota had higher sales ratio than ford. Moreover, the change in net income that measures growth in 2013 was higher for Toyota Company than in Ford. Ford management strategy involves hiring 400 new production workers for the new Canada based edge crossover model. The management further increases production of Spain vehicles to 400, 000 in 2015.

Development of all-electric model and car design with removable bicycle framework are in the proposals of Ford Company. In addition, Ford management information system use new version of its in-car multimedia system that allow iPhone users to adopt Apple Inc. Moreover, Michigan software enables company to work together in developing smartphone in vehicle communication.

IFE

Item

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Why selected

Weight

Rating

Weighted score

Strength

Automated system that analyzes sales and inventory, this results in faster sales.

Analyzed information gives ford a statistical advantage

0. 45

4

1. 8

Continued promotions of high quality car models.

Increase in revenues.

0. 20

3

0. 60

Weakness

Continued change in taste among the young adults

Need to improve on research and developments for the young generation.

0. 15

3

0. 60

Reduction in sales for the Dearborn automakers

Nissans luxury had a greater advantage over Ford's Lincoln models

0. 20

2

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0. 40

TOTAL

1. 0

3. 25

The total weighted average is 3. 25 indicating the Ford has a great potential in relating its internal strength and weakness. This further shows the ability for the company to offer high quality goods.

SWOT Matrix

Strength

Automation of systems that analyzes sales and inventory resulting to faster sales

Sales of high quality of vehicles due to continued promotions.

Strategy

Enhancing the automated system to identify vehicles with safety defects

Weakness

Continued change in taste among the young adults.

Reduction in sales for the Dearborn automakers due to competition from Nissan luxury.

Strategy

Continuous research and focusing on advanced technology to meet the needs of the young generation.

Opportunity

Participating in fuel races to increase the usage of Ford fuel cars.

Forming partnerships with Microsoft Corporation to develop advance vehicles.

Strategy

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Ford should aim at offering new innovative products to increase market share.

Threats

Environmental pollution from vehicles

Competition from general motors company

Strategy

Setting higher standards in order to counter competition

Space Matrix

Market development strategy helps Ford company to improve its profile in areas such as South America where it faces stiff competition. Moreover, increasing rates of innovation as a strategic would enable Ford Company to have a larger market share. Ford should increase promotion and advertising efforts using marketing penetration strategy that further increases sales. Through product development strategy, ford improves the existing customer loyalty with the company.

Work Cited

University of Kentucky. Five forces analysis in Auto Industry. Dissertation. Web. April 22, 2015. Retrieved from <http://gatton.uky.edu/Faculty/scott/mba603-605fall2009/industrystudy3.pdf>