

Intellectual capitalism (swot and industry analysis of general motors)

[Business](#), [Industries](#)



Q2) : What information is provided and how can this be useful in understanding your chosen company's strategic situation? The profile covers many different areas that pertain to the strategy of the General Motors ranging from history to a swot analysis. History- the history of the firm will allow us to study how General Motors has acted to fulfill its mission in the past and thus give us clues to their future decisions. The history section of the profile basically lists all of the investments and divestment of GM since its inception in 1909.

The list is too long to put into this case, but the lists shows that GM is not by any means strictly a car company. The list also shows that General Motors has been an international company for over 90 years. So strategically speaking GM is mildly protected from some shocks, but as we saw in 2009, they are not protected from very large global shocks to the automobile industry. Products and Services- The report also lists the car types of cars (12) and brands (11) they produce.

Along with the finished automobiles they are actively involved in the inputs that are necessary for the production of the automobiles. They also provide a financial service for the automobiles. Revenue analysis- The revenue analysis section states the revenue figures for the company from the last two years also showing the percent increase. The section also breaks down these figures into different business segments such as GM North American and GM Asia.

These more detailed figures can be used in conjunction with market share and growth of entire market to form a strategy plan for the company. For

example if South America's market is largely made up of local brands and growing at a very fast rate, it would be more beneficial for GM to concentrate their production and capital there instead of a saturated market like that of the United States. SWOT- This section included the most information from a strategic stand point. It includes strengths and weaknesses as well as opportunities and threats.

An example of the firms strengths would be " strong market position and brand portfolio". A weakness would be " underfunded pension funds". Strengths and weaknesses are characteristics of the firm as opposed to opportunities and threats which are characteristics of the firm's environment. One of GM's opportunities is " increased demand for cars in BRIC nations", and one of their threats is " intense competition". The SWOT framework is used ideally to strategically take advantage of a firms opportunity with their strengths.

For example, GM should use their strong brand image and profits from strong market positions around the world to fund a stronger entrance into Brazil, Russia, India, and China. Also the converse of that strategy would be to avoid weaknesses and threats to the firm. Q3): Based on the information provided, what are the three most important things you can say about your company's industry? 1) The effect of the financial crisis on the American Automobile market. Obviously the crisis had a major effect on the automotive market, but the effect is underestimated in the news.

According to the industry report in the business source complete database the amount of passenger vehicle decreased by six million units from 2006 to

2009, so even if the saturation level of the market is at the 2006 level which is very unlikely since the population has grown since then, the U. S. market has not reached the pre-crisis levels saturation. These levels paired with renewed customer confidence and the ease of attaining credit will fuel an increase in the U. S. automobile market. Although the increase may be gradual, it is still a realistic goal for an established brand such as GM. 2) The emergence of China as the largest automobile market in the world. As a result of increasing incomes paired with sales incentive and decreased tariffs caused by China joining the WTO has resulted in a booming automotive industry in China. Even though the year-to-year growth of car ownership in the nation is over 30% the market has very low saturation levels.

Only 35 people per 1000 own cars in China which compared to the United States, 600 per 1000, shows there is ample room for growth in the market. Most major car manufacture has a presence in the market, but political forces limit the penetration of these companies. According to report in Business source complete, the Chinese government is even pressuring domestic companies to grow and force out foreign competition. But this goal of the Chinese government cannot be realized until the smaller local manufactures can somehow combine so they may compete with larger foreign firms.) Environmental issues are also a main concern within the industry. This issues stems from two areas Gasoline and CO2 emissions. Gasoline a major factor pertaining not only to the consumption of cars but also the type of car that is demanded by consumers. While the United States gasoline prices are relatively lower than other nations, car producers world-wide are still producing different cars in the wake of high gas prices. The low

emission car is the new fad in the industry and has jointly led to the production of the alternative resources cars.

The combination of high gas prices and threat of damaging the environment from combustible engines has increased the consumer's demands for automobiles to run off of alternative resources. This new development plays well into the strengths of GM because General Motors is already heavily devoted to R&D. Q4): Based on the information provided, how would you characterize the company's competitive situation? Well I think the best way to answer this question will be to separate each answer due to the three questions.) The financial crisis almost crippled the entire U. S. automobile industry with the both GM and Ford receiving bailout money for the United States government, but the crisis could have created an opportunity for GM. As I stated earlier, car registration is down six million since 2006 but population has not decreased so there must be a portion of the car market that wants a car but did not have the means during the financial down turn. GM may use this period of time to gain the re-emergence of this demographic to gain market share in a semi-saturated market.) Although China has become the largest automobile market in the world, I do not think that GM has a strategic position in the market. However, GM may be able to be very profitable in because the market is growing so fast, but the fastest growing segments are luxury cars and SUV which do not create a strategic advantage for General Motors. Also, the Chinese government will heavily regulate the growth of the market as well as give every possible advantage to the domestic manufactures. 3.) The change in demand due to environmental pressure is an interesting factor in the automotive industry.

Toyota has been the market leader in electric and alternative fuels but that doesn't necessarily give them strategic leverage in the market. The environmental pressures will just create another segment of products for the industry much like SUV or Sedans so having experience with the technologies will not necessarily create a boost in Market Share. GM's commitment to R&D will enable them to compete, and the use of their strong brand and supply chain management will help GM gain market share. Q5) : What useful information is provided to help you understand the competitive situation of your company?

The market research report listed in Business source complete was written by Marketwatch which is also the same company that produced the company profile used in the second question. Instead of a stagnant overview of the companies past this report deals with recent moves within the industry by all of the major companies within the industry. The report starts off with an industry update which is the details of new investments and operations of major automotive manufactures around the world. General Motors announced to invest \$450 mil in additions to one of its plants in Argentina. (MarketWatch: Automotive) The investment seems like a good choice for the company since the region is growing so fast. However, the article also reports BMW's \$200 mil investment into the same region so competition will be fierce in the future especially in South America. (MarketWatch: Automotive) Along with the potentially bad news from BMW, the report also includes a recall from Toyota involving over 7 mil cars globally. The recall could signal to General Motors to act quickly, so they may be able to capture market share from Toyota's unsatisfied customers.

After the industry overview, the next section is a comment on movement within the industry away from Navigation systems. The introduction of freeGoogleMaps paired with the popularity of the cell has severely decreased the demand from in dash and even after-market navigational systems. General Motors may be able to use this information and decrease the models in production with navigational systems, so sales are not affected by unwanted accessories. The next section is simply a report featuring some of the companies' performances.

General Motors' metrics were not reported in this issue. The report mainly included foreign companies mostly in Europe. For example, Audi's sales increase 14%, BMW sales increase 12%, and Renault sales decrease 29%. (MarketWatch: Automotive) These figures are very useful in understanding the competitive situation of General Motors because they allow the company to benchmark it's success against it's competitors. Q6) What three items did you find that are most interesting to you? Why? 1) Who may be responsible for the growth of the Chinese Automotive industry?

Article from Manufacturing Engineer about Chinese manufacturing was wrong, China's growth in production and consumption has grown faster than estimates and this could be fueled by western investment. Companies all over the world including GM wanting to capture market share in what is now the largest market for automobile in the. According GM China's president, GM's plan to penetrate the market is to use Chinese researchers in China. (Nick Santhanam) I found this interesting because a side effect of the

penetration into the market could be the training and development of domestic researchers within China.

The two problems restricting China's automotive manufacturing industry growth are lack of graduate level researchers and a highly fractioned industry. Both of these problems may be solved by foreign joint ventures with Chinese companies. 2) I also found it strange how the market leader in this industry is the slowest to change. The companies specialize themselves to the point where their products lack demand in the market, and their brand and market share lose value. Ford Motor Co. was the first company to mass produce the automobile and through this innovation captured the majority of the U.

S. 's market share. However, the overemphasis on mass production sacrificed choices for the consumer which allowed General Motors to penetrate the market. General Motors then gained almost 50% of the U. S. market share by the 1960's. But the entrance of the Asian manufactures decreased their market share slightly at first. General Motors first case was about the bankruptcy of general motors and the companies revival through a government buyout and an ipo which lead to a decrease in 40b in costs at the same levels of revenue.

The case asks are these profit margins and growth figure robust or are they just because the market is recovering and the company is on a short leash. Another thing that is very interesting is how slow the companies respond to market changes especially when they are the market leader. The article was an interview with GM China's president. He describes how GM will penetrate

the market by taking advantage of the “ talent” from local universities. He believes that the best way to innovate in China is to use younger local researcher to develop products for the Chinese market. General Motors: Leading US Car Maker Emerges From Bankruptcy. (Cover Story). " General Motors: Leading US Car Maker Emerges From Bankruptcy(2012): 1-16. Business Source Complete. Web. 9 Apr. 2013. " SPECIAL REPORT: Automotive Manufacturing. (Cover Story). " Manufacturing Engineer 84. 6 (2005): 26-27. Business Source Complete. Web. 9 Apr. 2013. Nick Santhanam, et al. " Automotive Innovation In China: The View From General Motors. " Mckinsey Quarterly 1 (2012): 85-92. Business Source Complete. Web. 9 Apr. 2013.