

Sony corporation essay sample



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Introduction

In an economy that thrives thoroughly on technology and progression itself, there are many companies that have taken advantage of the opportunities that have been offered to them through science. Due to continuous development in technology, companies are being able to find their path in success through competitive products and service. And one of the Company that would strike on peoples mind in no time while talking about information technological products or be it digital equipments, it would be none other than Sony. Known for the best quality around the world and technological leadership, with its music, pictures, game and online businesses, the company is uniquely positioned to be one of the world's leading digital entertainment brands, offering an outstanding portfolio of exciting multimedia content. History

Established in the wake of Second World War 1946, May 7, as an electronic shop in a bomb damaged electronic department store by Masaru Ibuka. The company had an initial capital of \$530 and 8 employees. The following year, he was accompanied by his colleague, Akio Morita and together, they founded a company called Tokyo Tsushin Kogyo (Tokyo Telecommunications Engineering Corporation), and the main objective of the company, was to design and create innovative products which would benefit the people” . The founders were looking for Romanized name, and previously recommended using the initials, TTK as their company's name but TTK was already known as Tokyo Kyuko, a railway company. The company was often called as Totsuko, but after their visit to America, they found that American had difficulties in pronouncing the word and they finally decided to stick with

Sony. Sony, which is originated from the Latin word “ Sonus”, and is the root word for sonic and sound. The other reason they put the company’s name Sony was, it’s a familiar term used in America to call a boy. But the company’s name as Sony didn’t appeared until 1958, while their first branded product TR-55 radio transistor was launched in 1955.

Management, Organization and Corporate Governance

Being one of the largest companies in the world, it does have some vision, mission, norms, values and goals. And when the company was founded in 1946, the founding prospectus document outlining the mission and values that he wanted his company to adopt were: a. To establish of an ideal factory that stresses a spirit of freedom and open-mindedness, and where engineers with sincere motivation can exercise their technological skills to the highest level; b. To reconstruct Japan and to elevate the nation’s culture through dynamic technological and manufacturing activities; c. To promptly apply highly advanced technologies which were developed in various sectors during the war to common households; d. To rapidly commercialize superior technological findings in universities and research institutions that are worthy of application in common households; e. To bring radio communications and similar devices into common households and to promote the use of home electric appliances; f. To actively participate in the reconstruction of war-damaged communications network by providing needed technology; g. To produce high-quality radios and to provide radio services that are appropriate for the coming new era; h. To promote the education of science among the general public. Many of these values continue to resonate through Sony today. The company

continues to focus on communications and home electric appliances, but now also concentrates on content and services for that are essential to the devices it supplies. This addition of content and services has made Sony essentially a vertically integrated entertainment business. Product-Market Strategy

To make this vision a reality, Sony is striving to strengthen the core Electronic business by applying information technologies to product design, production, distribution, and sales. The belief is that this will strengthen the value of Sony's music, pictures, game, and financial services businesses, as they become available over networks. Thus, Sony is now releasing network-focused products in four categories: digital TVs and set-top boxes, VAIO home-use PCs, PlayStation, and mobile devices. Business Units

Today, Sony Corporation develops and manufactures consumer and industrial electronic equipment. The Company's products include audio and video equipment, televisions, displays, electronic components, computers and computer peripherals, and telecommunication equipment. The Company is also active in the worldwide music and image-based software markets. Since the 1980's, Sony had transformed itself from an electronics company to a global entertainment company with such products. Some of this company's major competitors include Matsushita, Philips, and Sanyo. The world's first CD player was launched in October 1982. Sony conducts insurance operations through Sony Life, a Japanese life insurance subsidiary, and Sony Assurance Inc., a Japanese non-life insurance subsidiary. Sony is engaged in a leasing and credit financing business in Japan through Finance International Inc.

It also conducts an internet-based banking business in Japan through Sony Bank Inc. which is an eighty percent directly owned subsidiary of Sony Financial holdings. Sony acquired Columbia records from CBS and it was named Sony Music Entertainment. Sony Music Entertainment (also known as SME or Sony Music) is the second-largest global recorded music company of the “ big four” record companies and is controlled by Sony Corporation of America, the United States subsidiary of Japan’s Sony Corporation. Sony has been historically notable for pushing its own in-house standards for new recording and storage technologies, which are often different from those of other manufacturers or of market trends and standards. The company owns full or partial rights to the catalogues of Michael Jackson, The Beatles, Usher, Eminem, Akon, and others.. The various digital equipments produced by Sony could be listed under various categories as:

Interesting Current Initiatives

E-commerce

Sony and Matsushita Electric, the two largest Japanese consumer electronics manufacturers, are each in the process of implementing new e-commerce strategies in Japan. Sony launched its e-commerce site, SonyStyle. com, in February 2000. Interestingly, the major difference between the two strategies has to do with the way that they account for traditional sales channels. Over the years, both companies have relied on distribution through major discount stores, but also through smaller local retailers with whom they have established “ direct-affiliate” relationships. Being a direct affiliate entitles a local retailer to better financing and merchandising terms. Although Sony has over 2, 000 direct-affiliate shops nationwide, over 80% of

its volume comes from major discounters, which tend to be more aggressive when it comes to pricing Sony's products. Matsushita, on the other hand, relies mainly on its chain of 20, 000 direct-affiliate shops, with major discounters producing less than half of all sales. Marketing Strategy of Sony Corporation

Sony's strategy reflects its desire to reduce the role of the big discounters as middlemen, and thus retain greater control over prices. The company is launching its e-commerce site and E-Sony Shop network, a chain of directly owned retail stores to provide customer support. In contrast, Matsushita's approach is designed to let new online distribution channels coexist more easily with its network of direct affiliate shops. Overall, this company seems to be expanding in every step of their existence and this is just the beginning to an even more successful company. The products are beginning to expand over the years and as long as they keep coming, this company will remain on top. According to the FY 2012 Q2 Consolidated Financial Results (Three months ended September 30, 2012) following economic analysis were made:

1. The operating environment surrounding Sony in the second quarter continued to be severe primarily due to the slowing of global economy.
2. Despite this, consolidated sales for the quarter increased year-on-year partially due to the consolidation of Sony Mobile, and operating income improved significantly year-on-year, higher profit than they had originally expected.

Recommendations for Changes and Improvements to Stabilize Competitive Advantage

Sony's current financial difficulties are tied into their corporate cultures which were stated over 30 years ago. With such a large multinational corporation, greater planning and more use of strategies should be pursued. Sony could start with the implementation of a new mission statement, with profit and benefits of the company tied more closely to everyday operations. Internally, the four forces, the management, the designers, the production and the marketing should achieve better communication and cooperation. Alliance and cooperation between competitors should also be actively sort after in order to create standards in new fields. Sony should aim at being the leader instead of being the maverick. As for cost cutting, Sony should seriously consider setting up operations in other Asian countries in order to take advantage of the cheap labor and the budding markets.

Finally, diversification, instead of pursuing the fast changing and easily imitated consumer goods market, Sony should use its technological know-how for high-end business and office equipment. Although the research and development section of Sony differs greatly from other companies with its great flexibility, Sony has always been a leader in technology, creating markets by looking for new markets where bigger, well-established companies are not a threat. However, new products such as VTR, the Walk-in and the Mavica involve both hardware and software. Sony can no longer just produce superb quality machines and expect them to sell. The software would also have to be available. For the Walkman, cassette tapes were well established but for the Beta system and Mavica, a standard has yet to be set. For example, the images of Mavica would be held on a high density

magnetic disk but Kodak, 3M and Sony all have different systems and are not compatible Conclusion

Last but not least, Sony lacks strategy. Product development, manufacturing and marketing are all well established but the firm lacks any formal long term direction. The original mission statement is also outdated with its references to W. W. II. Short term strategy is also lacking and there is little emphasis on profit and accountability of research and development of products. The result: a company with strong components but unable to coordinate in a coherent way in order to achieve maximum potential.

Strengths and Opportunities The greatest asset of Sony is of its human capital, especially its engineers which make up the R&D department. Their constant innovation is crucial for a consumer electronic firm which specializes in audio-visual equipment and the higher profit margin, which comes from being the leader of the pack. Subsidiaries are also well established, such as in the United States and Europe which give Sony a distinct local hands-on knowledge of the local market.

It also makes Sony an international corporation, bringing together the talents and best of strategies of both worlds to the organization. With great freedom, the designing team should also take on greater responsibility in making the product fit to the current production pattern and marketing aims. They should also be made more responsible to the profit and loss of the particular product. Empowering these three separate groups creates conflict, but it also brings these separate efficient groups together achieving synergy. Implementation internally, strategy should be reviewed beginning with renewing the corporate goals. The management should be providing the

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organization with specific goals and strategies for the short and long term. These changes are intended to balance business Vs engineering. Setting up alliances with fellow electronic manufacturers / competitor is crucial to mutual benefit so should be pursued as soon as possible. With strategy and luck, Sony could become a great firm as it was and will be.

References

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