

Global strategies: chrysler and fiat

Business



The paper "Global Strategies: Chrysler and Fiat Case" is an outstanding example of a case study on business. The unlikely union between Chrysler and Fiat is currently beginning to produce new motors, which combine talents and designs of the two companies. Also known as FCA or rather Fiat Chrysler Automobiles, the company remains a multinational organization and among the largest automaker. Established in 2014 after merging Fiat S. p. A to the new Netherlands-based holding company, the company is currently based in London U. K and operates through two subsidiaries. The two main subsidiaries are FCA US and FCA Italy, which was previously known as Fiat Group Automobiles. FCA is also the parent company of Maserati, Ferrari, and Teksid. Industry analysts are however skeptical regarding the combination of the automakers potential since Fiat started controlling Chrysler. This was after the emergence of the government-sponsored bankruptcy back in 2009. However, the integration of Chrysler and Fiat is almost complete. In fact, some analysts are now saying that the merger could become a trans-Atlantic cooperation model in the auto industry. On the other hand, the merge between the Italian luxury heritage Maserati and the all-American Jeep show that Fiat and Chrysler can create products together effectively. Additionally, the merger is thought to be the closest thing to an effective and truly symbiotic relationship in the motor industry. What now remains is the integration processes, which will most likely increase Chrysler ownership to Fiat to 100 percent. The entire process will require stock offering in order to cash out some of the remaining stakes that are currently held by United Automobile workers.

Strategic Issues

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In this case, the establishment of Fiat Chrysler FCA is already a strategic issue. This means that the strategic planning process was done in order to take course and direction in the two motor industries. Both companies were falling off in the motor industry and therefore merging and acquisition is part of the strategic plan. The strategic issue, in this case, was important in helping the companies advance to a better future. Alternatively, the process helps in increasing productivity, selling results, competitiveness, and profitability. Other strategic issues, in this case, are the improvement of customer service, exceeding competition capabilities and new sales deployment strategies, which the FCA developed after the merging process.

Analysis of the Situation

In as much as the union between Fiat and Chrysler seemed unlikely, the entire process worked out well for the benefit of both companies. The willingness to combine the two remains important especially in increasing profitability within the auto industry. It is quite evident that regulators and currently requiring cleaner vehicles. On the other hand, consumers are demanding sophisticated vehicles in the market. Therefore, these burdens combined with uncertain growth expectations need to be dealt with. The strategic process applied between the two companies is therefore important especially in accessing funds for new developments (Halibozek & Kovacich, 2005). Alternatively, the process helps in increasing productivity, selling results, competitiveness, and profitability. There are a better product and the auto vehicles users are likely to gain from the merging process.

Alternatively, both Fiat and Chrysler are currently managing to stop their companies from underperforming (Halibozek & Kovacich, 2005). Merging and <https://assignbuster.com/global-strategies-chrysler-and-fiat/>

acquisition, in this case, remains fruitful for FCA.

Recommendations

Every merging and acquisition process is always different especially when two giant companies come together. In most cases, they both come with their own challenges. However, the principle remains the same in the merging process. In this case, Ford and Chrysler have separate ownership but will have to unite and operate under a similar roof in order to obtain their financial goal (Vlasic, 2012). Valuation of the target can be tricky especially during the first months in the business but setting standards earlier enough will be important (Halibozek & Kovacich, 2005). To help sort some of the future challenges after the merging process, it would be important for FCA to set up a team that will mainly responsible for the merger. With a team in place, the companies must also come up with a plan, which will help the companies stick together.

As part of the recommendation, it would be important for the two mergers to restructure their deal and assess their business value. The fact that Fiat seems to be having the bigger shares among the two, it might create problems in the future especially when it comes to assessing the values of the companies. Therefore, the company must always ensure that profitability is always guaranteed. In the first year after the merger, it is quite evident that the Fiat Chrysler stock failed to win over some of the skeptical analysts. This meant that the analyst skepticism remained high as the price share. Already, that was a bad image especially to the company's stakeholders and customers (Vlasic, 2012). There is a need to address some of these issues

before they escalating or create a bad reputation to the company in the future.