

Proton college essay



This was further supported by the fact derived from the net asset per share values in which also show overall reduction in the values of Protons' net asset per share in general.

Question 2 What characteristics should a foreign partner have that will enable maximum synergies? Nowadays, the use of strategic alliances and Joint ventures is rapidly becoming more popular with a growing number of multinational firms. Proton also one of the company that involved in Joint ventures to improve their quality and performance as a national car.

As we know, a foreign partner that will enable maximum synergies would be the one who can benefit from the strengths of Proton while at the same time turnaround or covers the weaknesses of Proton. It is one of the characteristics that a foreign partner should have. So a foreign partner that will benefit most from Proton will be the one who is in need of penetrating Malaysia's market through the big market share that Proton is able to manage to cooperate and make decisions together with its board of directors, and lastly that can let Proton fully utilize the excess capacities for producing cars in their factories.

Then, a foreign partner will benefit Proton when they, during a turnaround of Proton's poor yearly performances, can provide extra production capacity internationally for Proton to produce enough to compete internationally, bringing in more designs and technologies into Proton so that Proton can benefit from these strengths that the ally possesses, and one who can help Proton centralize its production center and vendors so that their efficiency

can be increased while cutting the cost associated with the production center and vendors.

Not to mention that when a strategic alliance established between Proton and this old be ally, then they both can together strengthen the strengths of each other while covering each other weaknesses so that they are in better position to grab the opportunities presented to them within the current local and global market. Aside from opportunities, this alliance must also be able to stave off the threat presented by the current market.

So this alliance will need to be able to utilize worldwide marketing network to increase global production, penetrate world markets using advance technologies and attractive designs which appeals to customers within regarded geography. To sum up, not to mention that if the company is able to provide Proton with the much needed technologies and designs, there's nothing to lose as this will benefit both companies.

Proton will get new technologies and designs, while the company will get profit sharing from the new model that can come out as a result of the collaboration and investment. Only by these actions which the new ally of Proton can get the most synergy when they cooperate with Proton. Question 3 What broad considerations should determine the parts of Proton that are worth peeping and developing and the matter of operations to be relocated or closed down?

Internal operations (Domestic Market: Malaysia) Proton has commands a substantial market share in terms of the Malaysia automobile industry, particularly consumer cars. As Proton focused in IMP (Industry Master plan), <https://assignbuster.com/proton-1945-words-college-essay/>

the internal operations mainly want to upgrade capabilities, enhance value chain, and right now to design manufacturing car which has sophisticated systems.

The operations can be broken down into ups those are Product and Place.

The part of product that are worth keeping and developing is more on research and placement (RAND) such as new in-car software application to reduce carbon dioxide (CA) emissions and also with implemented few innovations using the latest car technology for convenience; CEO-green products, development of hybrid, electric vehicles and safety including automatic parking, pre-scan technology, collision warning system and vehicle to vehicle technology. Other than that, Proton's major problem is poor product quality control.

Complaints typically relate to failures in power windows, doors and alarm systems. It's not unusual to hear public complaint about the overall poor quality vehicles by Proton over the years and indirectly affecting the financial result of the company, when its sales dwindled tremendously and continuously losing market share and subsequently, the profit margin eroded substantially too.

At this moment, Proton must replace all the non-quality components that criticized by consumers so that level as what Toyota did to its damaged parts.

Next, Proton has 2 distribution channels which are Proton Dear and Eon. Proton has reduced the number of outlets by 24% to 302 outlets as

compared to 397 outlets in year 2007 (FRR 2008) in an exercise to reduce cost. Even though the distribution channels is sufficient, but there is still need to be relocated to make it easily accessible and reached in all major towns in Malaysia especially in rural areas.

Thus it will be advantages for it cars to reach the target market with effectively if the branch is placed by thoroughly process. External operations (Global Markets: MALL, AFT, etc. As far as proton is concern to be sustainable in 2020, which regionally strong in MALL (SEAN Multi-Local MEMO), having present brand in 4 dominant counties and venture to high growth in local domestic market, Proton need to reinvest in minimizing treat leakages, culture values within OIC, AFT (SEAN Free Trade Area) and bilateral relationship between country to countries in order to make sure the cost in global market is lesser. Example like what Proton has planned to invest in international company that has automotive manufacturing license in China which is Volkswagen (W") rather than invest RMI . Billion directly and going through 3 years of processes with no guarantees.

From that strategy, Proton could leverage its external operations on assemble the components of car in term of minimize the entry sis into China market, invest in putting its money, and able to manage the time to send the parts at the right place. This approach also could be done with different countries and other global automotive industries. Other strategy is choosing the right partner and the key point here is to avoid very complex of legal issues as what happen with previous partner.

Proton must go by experience, understand the risk, mitigate it by not over commit and over spend. It show the point that Proton have to invest in streamline and platform strategies instead on invest into many platforms and take precautions approach by work with coal partner in China and give them technology as Proton is perceived as technological provider by the global investor. As a result it could give advantage both partners for educating and enriching human personal skills to the maximum level and with that technique, proton able to familiarize the product and understand domestic market in Asia with limited operations.

From a review of the 2009 National Automotive Policy, are there areas of possible collaboration with Proton in the event of short of a full merger/takeover? From a review of the 2009 National Automotive Policy, Proton would gain more unifies of it. Although the issues regarding the NAP were complex, the liberalizing of the NAP was seen as a major move and a positive indicator to make the automotive industry in Malaysia competitive. It is possible to collaborate with Proton in the event of short of a full merger or takeover which is through strategic alliance.

Strategic alliance is an arrangement between two companies that have decided to share resources to undertake a specific, mutually beneficial project.

A strategic alliance involving two companies typically pool resources to create a separate business entity. In a strategic alliance, each company maintains its autonomy while gaining a new opportunity. A strategic alliance could help a company develop a more effective process, expand into a new

market or develop an advantage over a competitor, among other possibilities.

As the national car manufacturer, Proton enjoys a certain amount of protection against foreign competition in the form of tariff and other non-tariff barriers.

In the NAP, it is stated that the import duty structure maintained 0% for locally assembled vehicles Completely Knocked Down (Cads) and 5% for imported vehicles Completely Built Unit (Cubs) under the Sean Free Trade Agreement (AFT). The policy was negative to all automotive manufacturers by impeding higher export volumes and possibly deterring automotive manufacturers from setting up in Malaysia.

Due to that, collaboration with Proton could be seen as a way out for not being burdened by the import duty. Foreign automotive manufacturer could make a strategic alliance with Proton in the long period of contract. It is known that proton has successfully sustained its market position through the support shown by its distribution dealers as well as the vendors and suppliers. Align with NAP, an incentives is given for manufacturers of critical and high value-added parts components.

The high value-automotive-part manufacturers would enjoy incentives such as 10-year 100% fiscal deduction Pioneer Status (AS) or 5-year 100% tax exempted Investment Tax Allowance. They could supply the availability of their advance technology which would contribute to the improvement in research and development (R&D) and design automotive component modules or system for Proton to keep competitive in the global market. This

collaborated company would enjoy incentives for strategic projects with Malaysian many. Strategic projects involve products or activities of national importance.

They generally involve heavy capital investments with long gestation periods, have high levels of technology, are integrated, generate extensive linkages, and have significant impact on the economy. By creating the collaborative relationship with supplier and others, this bring for the key of creating more value and producing more efficiency than is possible. Through collaboration, both automotive companies could focus on core competencies and eliminate redundant processes. Strategic collaboration will strengthen the imitativeness of both companies.

On the other hand, the deal with foreign automotive manufacturer would help Proton expand its lineup of cars and make good in NAP under full liberalizing of local assembled luxury passenger.

Foreign firms could freely obtain a manufacturing license provided they fulfilled certain conditions. The current policy of contract assembly was maintained to encourage utilization of existing excess capacity. This benefited Proton as the non-liberalizing of small vehicle segment assemblers and to employ its under-utilized capacity to boost its venue stream.

And for other foreign automotive manufacturer, this is part of a plan to expand its footprint in SEAN.

This would give the win-win situation for both collaborated companies.

Question 5 What other information not included in the case could help

consultant Useful Alai makes a more meaningful recommendation? Why?

First of all, other information not included in the case but could help

consultant Useful Alai in his effort to make a more meaningful

recommendation would be the current of politics within the country that

Proton is in that is Malaysia.

This is an important factor not included within the case that can influence the recommendation made by Useful Alai because political stability heavily affects the economy stability, outlook and possibly the structure or business strategy of the alliance itself. Another example is that it is possible when there is political stability; civil war might erupt, and thus endangers the economy of Malaysia itself. This in effect will affect the projected market outlook by the experts, reduced customers purchasing power, and banks will not give out loans for any vehicle purchasing and so much more.

This will retainer devastated and ultimately defeat the purpose of the alliance from the beginning. Therefore, political stability should be taken into account by Useful Alai in his recommendation so that the potential ally will not be unaware when they are actually trying to invest or collaborate with Proton at any level of alliance. And get the detail on each division to identify key areas where collaboration can create a superior business model. Initial aims should be to: improve cost structure (get lean); increase speed to market (get fast) and build interdependencies (engage and lock-in best-of-breed partners).