

# [The corporate strategies and objectives of bmw](https://assignbuster.com/the-corporate-strategies-and-objectives-of-bmw/)

The fundamental purpose of this assignment is to illustrate the corporate strategies of the BMW along with highlighting their objectives and business practices in the business environment.

The assignment aims at highlighting the mission, vision and objectives of the organization along with evaluating its corporate and social behavior in the short as well as in the long run.

The overall discussion will be highlighted under different topics in an informative manner discussing all the relevant points related to the automobile giant, BMW.

BMW is a German automobile and engine manufacturing organization founded in 1916. BMW is a public traded company. It has several subsidiaries, most notably Rolls Royce Motor cars. BMW builds it brand on the legacy of performance, quality, brand innovation, designing and building German engineered cars, primarily targeting the high-end luxury category.

INTRODUCTION

Yesterday

Once upon a time, precisely in 1913, in a suburb of Munich, a Bavarian aircraft engineer Karl Friedrich Rapp decides to form a company-Rapp Motoren Werke (Rapp Motor Works). Oh, I almost forgot, somebody else too has a contribution to today’s BMW. His name is Gustav Otto, known as the first flight pioneer in Bavaria, but history does not like to mention him. So, we continue with Rapp. Soon after the celebration of his new company, he realizes that his airplane engines are having excessive vibration. After three-year of analysis and overspending of his financial assets, Rapp resigns from the company (Qwazywabbit).

As the world goes around, two Austians, Franz Josef Popp and Max Friz saw this as an opportunity to take advantage of Rapp’s misfortune and decide to merge the two companies Rapp Motoren Werke and Gustav Flugmaschinefabrik. to form Bayersiche Flugzeungwerke. At first, the two Austrians named their company Bayersiche Flugzeungwerke, but then they changed their minds, renaming the company Bayersiche Motoren Werke (Bavarian Motor Works), or BMW. Ever since, BMW brightens the record books with its aircraft engines, air brakes for railway cars, motorcycles and cars (Company Facts).

Oh, and the next one is ugly, you may not like it. According to NMT Prosecution, BMW, played a part in Nazi history. According to the Affidavit concerning Karl Sommer’s career and positions in the SS , BMW’s hands and pockets are deepen in slave labor. Sommer, an SS officer working in the Economic and Administrative Main Office is responsible for giving companies access to prisoners for slave labor. The EAMO permits companies entrance in to the POW camps to select wanted prisoners, who could work under brutality till their death. Sommer admits under investigation that BMW is the first company on the list. The good news is, BMW acknowledges the use of around 30 thousand POWs and apologizes (NMT Prosecution).

However, after the WWII, BMW finds itself in ruins. The war destroys the company’s factories. Moreover, in response to the production of aircraft engines and rockets during the war, Allies declare a three-year ban on any production activities at BMW. For over six years, BMW struggles to produce a successful car model. Perhaps it is not because of the Allies stressing BMW, but because they are losing their communication strategy. As the company produces 501-luxury sedan in 1951, the market has no interest in these innovative automobiles ( Popescu).

A few years later, in 1955, BMW finally gets back on its feet, thanks to the Italian manufacturer Iso. Although still, struggling with insecure financial grip and competing with the Mercedes, BMW triumphs with its model-1500.

Today

BMW’s Vision

Today, BMW has achieved global recognition as a leading manufacturer of luxury sports cars. The corporate image is highly respected and is considered as one of the few companies with an excellent work environment along with a great corporate structure.

Vision is often considered as a vivid mental image that develops through understanding of internal and external business environment. The vision statement of BMW is simplistic and quite realistic. Their vision states, “ Uniqueness through diversity, Leadership and taking risk, courteous.” The vision statement not only reveals the attitude but strength of the company.

BMW believes in offering unique products embedded with premium quality catering to the needs and requirements of a niche segment. The company has diversified its product line and each product highlights the history of the organization marked with impeccable quality and appeal. The management of BMW believes in taking risk by engaging themselves in exploring hidden opportunities in the business environment along with challenging technology at every step to come up with new and innovative products in the short as well as in the long run.

Overall, the vision statement of BMW is unique and practical that creates quite a vivid realistic image backed by leadership and diversification.

BMW’s Mission

Certainly, mission is something that offers sleepless nights to achieve a task or dream that has been termed as a target. The mission of any organization reveals their hunger for success and overall corporate strategy in the short as well as in the long run. The mission statement of BMW states, “ To become most successful premium car manufacturer in the car industry” (Histesh). BMW is considered as one of the highly admired and desired automobile brands across the world. The company is famous for its distinctive and innovative designs, high quality and luxurious approach (Kiley 104).

BMW is one of the greatest automobile brands of all time with great appeal all across the world. The mission statement might suggest the desire of the organization to become the most successful premium car manufacturers in the car industry. However, the company is on top of the list that will offer great solace to come up with new and innovative products to become the world’s number one automobile company in terms of reach, acceptance and revenue.

Values and Objectives

The values and objectives of BMW are rooted in their golden history embedded with honesty and high thinking. BMW has always desired of being ahead in the market through understanding the internal and external business environment. The objectives of BMW include:

To make their position stronger than at the moment by the end of 2012

To manufacture environmental friendly cars

To stay ahead in the competition

To help the society by being responsible

To increase the sales all across the world

Up to the year 2020, BMW Group intends to strengthen its position within the global motor vehicle market by increasing sales to more than two million automobiles per year. In addition to striving to grow its existing business, the BMW Group will develop new and profitable areas of activity. At the same time, the BMW Group will invest in future technologies, new vehicle concepts and pioneering drive systems. The new strategy has been given the name Number ONE, standing for ‘ New Opportunities’ and ‘ New Efficiency’. This means making the best use of new opportunities and becoming more efficient in order to ensure BMW Group’s lead over competitors and to actively shape the company’s future.

Communication Structure

The communication structure of BMW is very clear and direct, making the information communicated in a desired manner. BMW offers wide arrays of communication tools that are required to pass the message along with the understanding of feasibility and acceptance. The communication structure of BMW is well-defined, including the use of newspapers, internet, intranet, video and audio journals. Apart from this, the company also passes information to the customers by organizing exhibitions and shows to create an image of their products and services in an impactful manner. As a result, BMW targeting a specific segment of the market, including upwardly mobile customers who desire the best and luxury sport car.

The communication structure is very important in building a brand image in the business environment and therefore it becomes very important to decide and choose effective communication tools that may help in building a long-lasting, honest and informative image in the short as well as in the long run.

Identity and Vision

Without a doubt, BMW is one of the highest ranked premium car manufacturer organizations, offering wide arrays of automobile products to customers and all across the world. The identity of BMW as a premium car manufacturer that offers to the premium segment of the market along with an appeal of honesty and quality attracts millions of customers all across the world. This identity has compelled the organization to develop a broad and realistic vision that revolves around uniqueness through diversity and leadership. The identity of a particular organization in the market and amongst the customers helps a lot in creating value along with designing of missions, vision and objectives. The identity is created through sheer quality and honesty and that happens over a period of time through wide arrays of factors in the short as well as in the long run. (Isobel & Robin 25)

BMW always pushes itself to maintain the identity that it has earned over the years by offering new and innovative products to its loyal and potential customers all across the world along with keeping a tab on the vision in the short as well as in the long run.

Third Quarter Reporting Season

With a wonderful show in the second quarter, the financial reports of world’s premium automobile organization were reporting the biggest profit in the last two years due to the increase in the demand for the new 5 series in the US and China. However, with third quarter reporting season ahead and fall in the US manufacturing sector, the European shares have fallen to a one-month closing on October 1st 2010. The first two quarters were stupendous. However, there will be some disappointment in the third quarter. There is a fall in the price of the shares with BMW down by 4. 2% on account of recalling 3, 50, 000 cars worldwide due to possible break problems.

Sustainability

The sustainability report of BMW provides information on how the organization assumes social and ecological responsibilities along with relating it with the success of the organization in the short as well as in the long run. BMW’s sustainability reports add value and trust and include society and environment as a whole. The sustainability report of BMW always offers transparency and solutions that makes it one of the highly admired and desired automobile organizations all across the world.

According to the Dow Jones Sustainability Indexes, which ranks the ‘ economic, environmental and social performance’ of 2, 500 companies, BMW is the best performer out of car manufacturers and the only one to feature in the all six Indexes since 1999. Each proposal today is measured against the corporate goal of sustainability. At the highest management level, BMW established a Sustainability Board in 2009. This board, which comprises the entire Board of Management, determines the strategic alignment for sustainability issues. Twice a year it meets to discuss and adopt the strategies and activities proposed at operational level. According to BMW Group, their aim is “ to make sustainability an integral part of the entire value chain and its underlying processes to create an added value for the company, the environment and society.”

BMW is a “ Super Sector Leader” because of its work with fuel-saving technology, such as its class-leading efficient dynamics technology, alternative vehicle concepts and green recycling practices both in its cars and in the production process.

BMW fundamentally believes that sustainable mobility should support quality of life and economic prosperity while, at the same time, minimizing any potential damage to the environment, such as reducing CO 2 emissions.

Crisis and Risk Communication

Every organization faces crisis in the short as well as in the long run that affect the organization. It becomes very important to deal with the crisis in a positive manner along with being prepared to deal with them. BMW’s crisis and risk communication has helped them in the past in coming out of the tough situation in a stupendous manner because of their communication that was vocal, informative and transparent.

The crisis and risk are evaluated at regular intervals in BMW using effective strategies that include:

Regular crisis and risk assessment

Preparation of crisis and contingency model

Establishment of crisis management department’

Apropos training to each department

Transparency about the crisis and contingency

Governance and Corporate Image Issues

BMW holds a strong image in the automobile industry all across the world. The corporate image of the BMW as one of the highest sought after organizations offering an excellent working environment is highly regarded all across the world.

However, this image is equally supported by the social governance that has offered an edge to the organization along with creating positive image in the market backed by the efforts and initiatives taken to rebuild the society to create a better future offering good and equal opportunities to millions of deserving people all across the world.

When BMW decided to invest in a new plant at Hams Halls in the West Midlands, the company was facing serious issue in recruiting right people for the right job. There was shortage of efficient man-power that compelled BMW to come up with training programs to modernize the local colleges by offering necessary inputs and training along with offering necessary and modern equipment to support the training. Along with that, BMW has also come up with Automotive Academy that aims at reducing the shortage of the skilled work force in the manufacturing industry.

External Communications

Internal and external communication plays an important role in deciding the fate of an organization in terms of receiving and sending information all across the world. BMW heavily depends on internal and external communication tools for all the communication.

The role of external communication is immense in connecting with the outside world that includes competitors and customers. The use of e-commerce offers a link with the customer while e-business offers link with the other businesses. BMW has roughly 58 regional websites in more than 30 countries with a strong presence over the internet and intranet offering and exchanging all the information. All these websites are controlled by the global unit in Munich. Apart from this the company has a got a dedicated team of around 1000 authors and content writers who keep updating about the recent news in the BMW to the world.

The company also uses advertisement, automobile journals and exhibitions to communicate with the outer world that enhances their communication in the short as well as in the long run.

The external communication of BMW may be termed as well structured, coherent and unified because of the way information is controlled from the global unit. BMW has wide arrays of communication channels but they are controlled from one point that seems quite logical in terms of transparency and avoiding the problem if filtration that affects the overall information omit.

New Communication Tools

There is always a need to embrace new technology and culture that offers transparency and benefit to the organization in the short as well as in the long run. BMW is focusing hard on introducing intranet in a new avatar that will enable the employees to maintain their information and content along with sharing it with others employees. The organization is also planning to come up with new journals and content that will help in creating awareness about the new products and services in the market. Apart from the conventional media vehicles tools, BMW is also present on social networking websites like Facebook that offers wide arrays of information about the company’s products and services along with creating a customer base.

Reaction of Media

Media has always supported BMW in terms of being honest and transparent. However, there is certain information that cannot be shared with the outsiders that is often critiqued by the media but overall the image of the organization and its product’s appeal has always compelled the media to be good and supportive with the organization.

Stakeholders

The reaction of the stakeholders is quite good in terms of availing honest and transparent information to them using technology in an efficient and effective manner. All the necessary information is passed to the suppliers, customers and shareholders using internet, intranet, journals, annual meeting and press. The overall approach of BMW in being honest with the stakeholders has earned an honest space in their mind and heart.

Financial Communication in the Last Two Years

The financial communication is carried out by the finance and sales department of BMW by analyzing the overall sales, earnings and expenditure over a year. The information is passed in the annual general meeting to all the shareholders and stakeholders via annual reports and media vehicles. In the last two years the organization has managed to report positive growth along with increase in the demand for its new products. The financial communication may also be analyzed through the European stock exchange offering true and transparent information passed by the organization itself (Sagemann).

SWOT Analysis

It becomes very important to analyze the strengths, weaknesses, opportunities and threats of BMW to form a basic understanding about the company’s operations and practices. The SWOT analysis includes:

Strengths:

Diverse Range of Products

Highly Admired Brand

Strong Cash Flow

Worldwide presence and acceptance

Weaknesses:

High Prices

Environmental Issues

Shift in the Demand

Introduction of new technologies

Opportunities:

New Product line

Market Shift to Globalization

Diversification

Innovation

Threats:

New and Existing competition (Audi)

Economic recession

Volatility in the price of the fuel

New legislations

Suggestions to Improve the Strengths

BMW enjoys wide arrays of strengths that offer good number of power in the market. However, there is a need to improve these strengths by keeping a tab over them. Some of the suggestions include:

Conducting research on the future of automobile industry in recent years to keep a tab on diversification

Designing of crisis management tools to safeguard the cash inflow and cash outflow at the time of crisis

Offering quality and affordable product to the premium segment to maintain that image earned

Using wide arrays of media tools to create brand awareness in the short as well as in the long run all across the world