

Fiat Chrysler Automobiles NV case study

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Fiat Chrysler Automobiles N.V company is an internationally identified automotive group that involves the manufacture and the selling of all types of vehicles. Some of the vehicles the company deals in are the light commercial vehicles light trucks, passengers cars, and luxury vehicles. The company was founded in June 1925 by Walter Chrysler (Castellanza, 2013). The company operates around the world through its 162 manufacturing facilities. Fiat Chrysler Automobile's competitors in the industry are the Ford Motor Company and Honda Motor Co. Ltd.

Technique analysis

Internal Factor Evaluation (IFE)

IFE is a strategy the management of Fiat Chrysler Automobiles can use to evaluate its major strengths and weaknesses in the areas it functions.

Table 1: Internal Factor Evaluation (IFE)

Internal factors	Weight	Rating	Weighted score
Strengths			
Diversification of its operations globally	20	4	80
Has research and development that is strong	18	4	72
Its brand portfolio is intensive and large market share.	16	3	48
Weaknesses			
Not having preferences by consumers for few models	21	2	42
Affected brand reputation because of frequent recalls of products	13	1	13
Concern over management problems.	12	1	12

Source: Castellanza, 2013

Diversification of operations globally and strong research and development are viewed as the most important and the major strengths of the company (Castellanza, 2013). On the other hand, management problems concern and the recall of products which might affect the brands are seen as the major weaknesses of the company.

External Factors Evaluation (EFE)

The management uses the EFE as the strategic tool to assess the current conditions of the business.

Table 2: External Factors Evaluation (EFE)

External factors	Weight	Rating	Weighted score
Opportunities			
The automotive industry is growing boosting revenues	18	4	80
Focusing on specific brands such as Maserati to satisfy the worldwide market.	21	4	72
Change in management to facilitate better decisions	15	3	48
Threats			
The competition that is likely to increase	23	1	42
Environmental regulations that will affect business operations.	10	2	13
The confidence of distributors and dealers reduced.	13	1	12

Source: Castellanza (2013)

The EFE of the company identifies the growth in the automotive industry to enhance revenues and specific brand focus to reach the broader market as the significant and major

opportunities that will increase the performance of the company (Balcet, Commisso, & Calabrese, 2013). On the other hand competition within the industry and possibility of associate partners such as distributors and dealers reducing confidence are seen as the major threats. Environmental regulation is not seen as a major threat since the company can manage that without incurring a lot of costs.

Quantitative strategic plan matrix (QSPM)

The QSPM of the company is a strategic tool used by the management to assess the strategic alternatives.

Table 3: Quantitative strategic plan matrix (QSPM)

Strategic alternatives	Expand externally			Product differentiation	
	Weight	A.S	T.A.S	A.S	T.A.S
Environmental factors					
Internal factors					
Strengths					
Diversification of its operations globally	0.20	4	0.80	2	0.40
Has research and development that is strong	0.18	4	0.72	4	0.72
Its brand portfolio is intensive and large market share.	0.16	3	0.48	4	0.64
Weaknesses					
Not having preferences by consumers for few models	0.21	-	-	1	0.21
Affected brand reputation because of frequent recalls of products	0.13	1	0.13	-	-
Concern over management problems.	0.12	2	0.24	-	-

External factors					
Opportunities					
The automotive industry is growing boosting revenues	0.18	4	0.72	3	0.54
Focusing on specific brands such as Maserati to satisfy the worldwide market.	0.21	4	0.84	2	0.42
Change in management to facilitate better decisions	0.15	3	0.45	2	0.30
Threats					
The competition that is likely to increase	0.23	1	0.23	1	0.23
Environmental regulations that will affect business operations.	0.10	2	0.20	-	-
The confidence of distributors and dealers reduced.	0.13	-	-	2	0.26
TOTAL ATTRACTIVENESS SCORES			4.81		3.72

Source: (Castellanza, 2013)

Fiat Chrysler will increase its performance when it expands externally than when differentiating its products.

Competitive Profile Matrix (CPM)

The CPM is a strategic tool which helps the firm to compare its operations to those of the competitors.

Table 4: Competitive Profile Matrix (CPM)

	Ford Motor Company,	Honda Motor Co. Ltd
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Critical success factors	Weight	Rating	Score	Rating	Score
Market share	0.13	4	0.52	3	0.39
Number of manufacturing facilities	0.10	3	0.30	2	0.20
Research and development	0.35	3	1.05	3	1.05
Brand Reputation	0.25	4	1.00	4	1.00
Distributors and dealers	0.17	3	0.51	2	0.34
Total scores			3.38		2.98

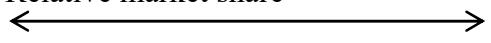
Source: Castellanza (2013)

Ford Motor Company offers Fiat Chrysler Automobiles more competition than Honda Motor Co. Ltd.

BCG matrix

The BCG matrix is a strategic tool that helps the management evaluates its products based on the market share and the growth.

Table 5: BCG matrix

		Relative market share  Low High	
High Market growth Low	↑	Specific models: Jeep, Alfa Romeo, and Maserati.	Vehicles: passengers cars, light trucks, and utility vehicles
	↓	Components: lighting components, suspensions	Services: vehicle lease financing.

The matrix indicates that certain models of vehicles among them Jeep and Alfa Romeo have high market growth that low market share. Passenger cars and utility vehicles exhibit both high market growth and share so the company can invest much in them. Vehicle components seem not to attract the market as such as most customers are interested in having vehicles (Parnes, 2016).

Alternate strategy generation

At the business level, the company can expand into new countries to increase its market share, sales volume and the revenues. The company can adopt the strategy of differentiation to lead in the industry. The innovative strategy will help maintain the high-quality brands in future.

References

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