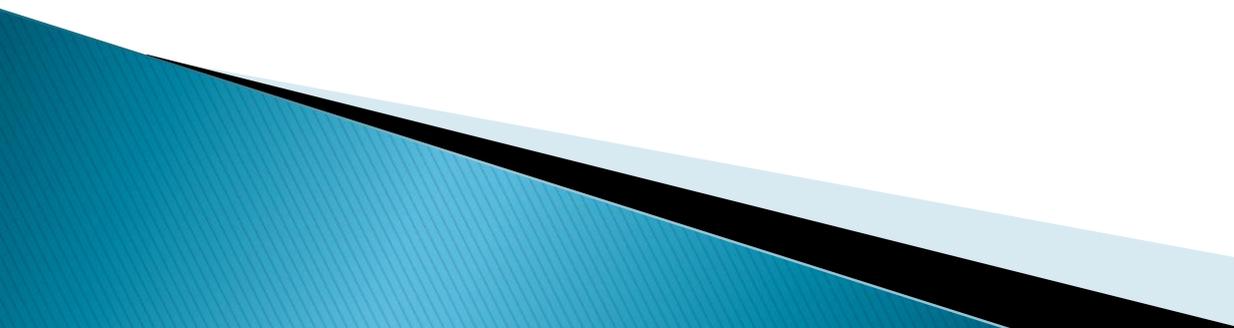
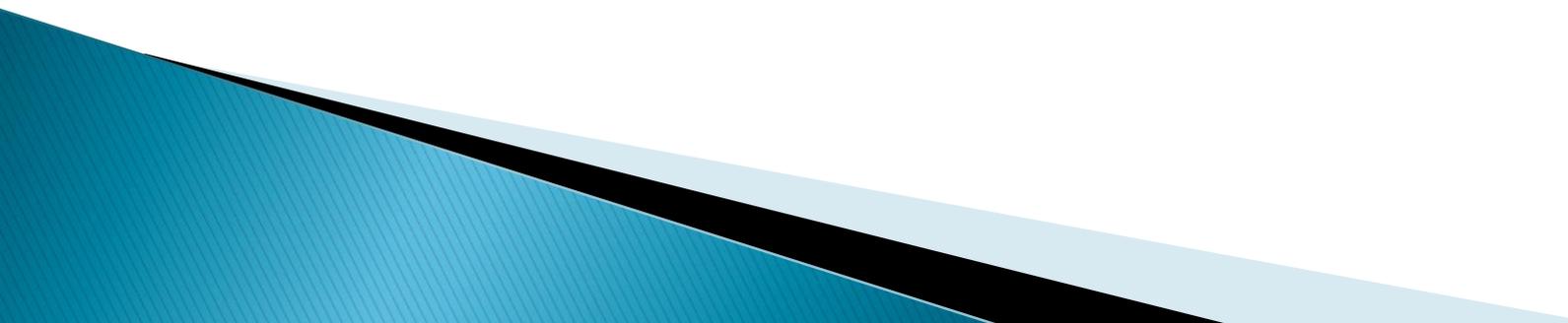


# **Business Strategies for Changchun Motors**

Ethan, Romeo, Brinley, Ray



# Outline

- Background Information
  - Goals
  - Proposed Actions
  - Two Business Strategies
  - Recommendation
  - Implementation
- 

# Background

- Listed company with a manufacture base
  - 20 years' experience in producing vehicles
    - Major products: cars
    - Other products: trucks, vans, etc
  - Reliable products
  - Considerable market shares
- 

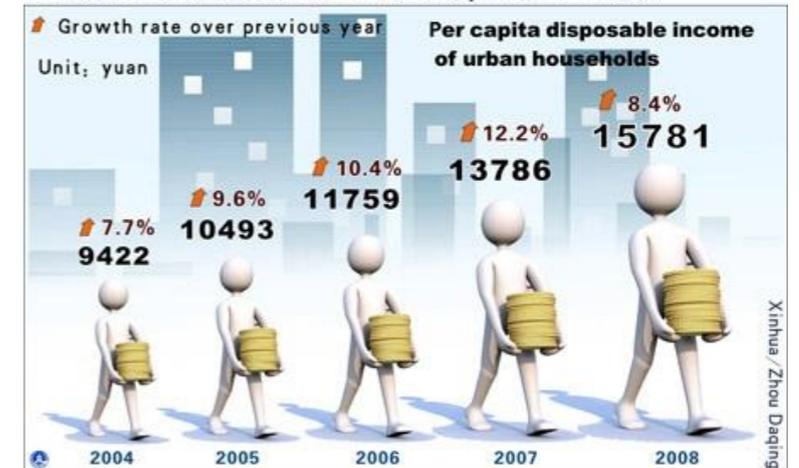
# Goals

- ▶ Short term-expand market shares, increase profit
  - ▶ Long term-increase competitiveness
- 

# Current Situation

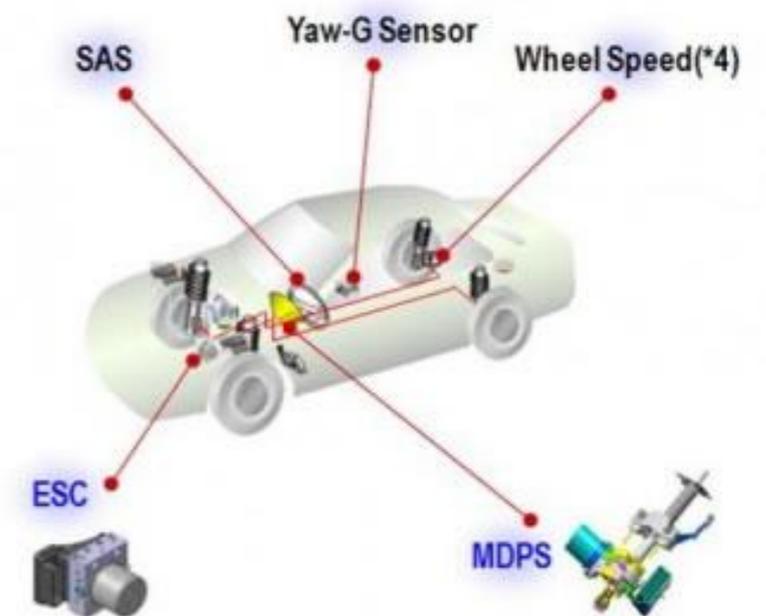
- Current situation
  - Potential customers
  - New competitors (Geely, BYD)
  - Advancing of existing competitors (Cheery, etc)

China's Per Capita Disposable Income of Urban Households and Its Growth, 2004-2008

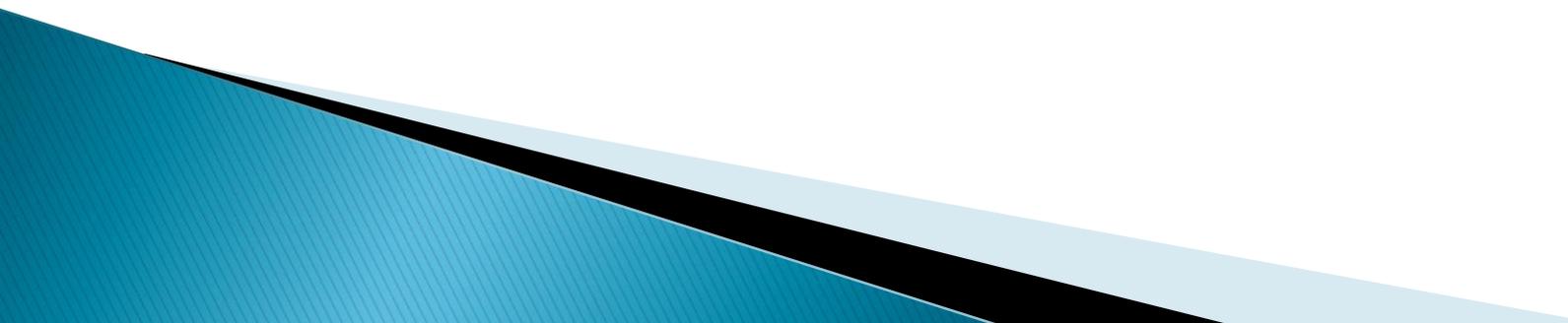


# Changes in products to make

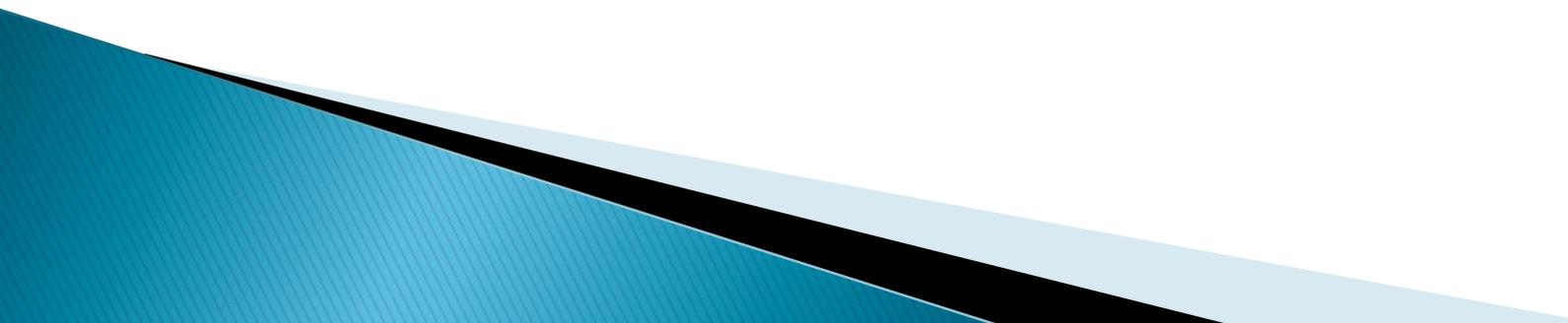
- Develop core technology
  - Safety (Framework, ABS, ASR, ESC, air-bag, etc)
  - Performance (e.g. Power-weight ratio)
  - Accessories
- Upgrade model design
  - Body style
  - Interior



# Strategy 1: Independent R&D

- ▶ Advantages:
  - ▶ Technology Innovation
  - ▶ Long-term Competitiveness
  - ▶ Reputation
  - ▶ Government Support
- 

# Strategy 1: Independent R&D

- ▶ Drawbacks:
  - ▶ Large Investment in R&D
  - ▶ Large investment in Manufacturing Facilities
  - ▶ High Risk
- 

# Strategy 2 : Joint Venture

Joint venture Strategy:

▶ The Cooperation partner:



- ❖ A history of 80 years in auto industry
  - ❖ Specialized in Mini Car Manufacturing over 20 years
- ▶ The content of cooperation:
- ❖ To introduce a low cost car model in China
  - ❖ To export low cost cars to overseas market

# Strategy 2 : Joint Venture

## Benefits to the short-term goal

- Profitable: Mini Car Market Boom
- Low-risk: Daewoo's Successful experience



## Benefits to the long-term goal

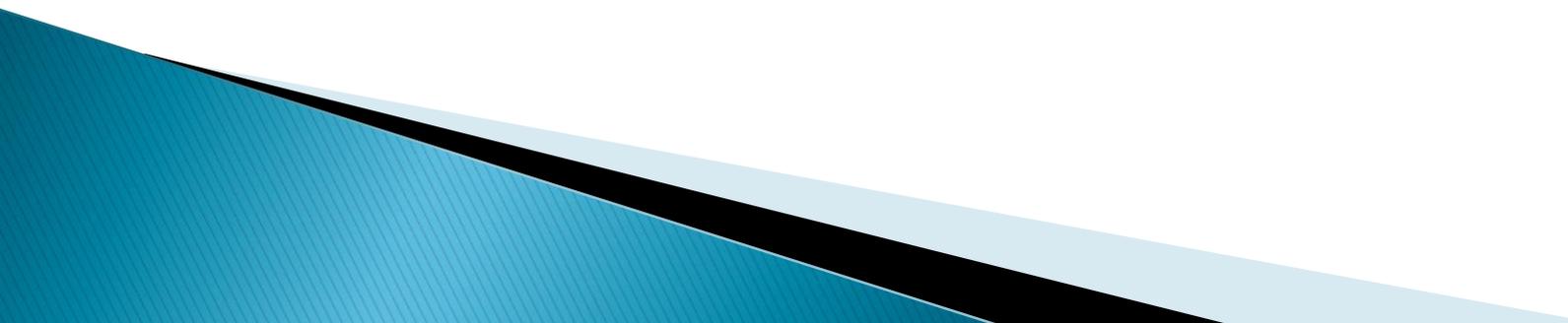
- Overseas market network: for the future expansion

# Strategy 2 : Joint Venture

Factors in favor of us in this cooperation:

- ▶ The current situation of Daewoo Auto
  - ❖ Daewoo is eager to enter Chinese market
  - ❖ Daewoo has no manufacturing base in China
- ▶ The industrial policy in China
  - ❖ Foreign car makers have to find a Chinese partner

# Strategy 2 : Joint Venture

- ▶ Potential conflicts of interests
  - ▶ Substantial improvement in competitiveness
- 

# Recommendation

	Strategy 1	Strategy 2
Short term	No massive changes	increase in sales and expansion of market shares
Long term	technology development ; increase in competitiveness; better reputation	Limited technical experience as OEM; Future Overseas Market Network
Risk	Large investment; Long return period; High risk	Relatively Low investment; short return period; Low risk

# Implementation

- ▶ Executive Committee
  - ❖ Financial Team
  - ❖ Technical Team
  - ❖ Negotiation & Coordination Team
- ▶ Technological Development
  - ❖ Equipment and Assembly Line Renewal
  - ❖ Research & Development
- ▶ Marketing
  - ❖ Target Customer
  - ❖ Distinguishing Features

**Q&A**

**THANK YOU!**