

6.1 SWOT analysis: Activity A

technology, and, if our competitors succeed in getting a major breakthrough, then sales of some laptops will dive in some markets.”

Elizabeth Burton – Operations Manager: “The automation of the screen assembly unit is now complete. We managed to push this through while still maintaining excellent staff relationships. This was helped by our continued expansion, which meant that no jobs were lost. We had to turn down an order from a big name brand last month due to too little factory capacity and shortages of skilled labour. I do urge you to agree to my plan to extend the factory space by 35% and to train more recruits. Research into the lighter, faster laptop that was agreed on last year is making excellent progress and we will soon have to decide whether to proceed to the production stage.”

Katriona Nabokov – Finance Director: “Our profits are holding steady, but cash flow remains a concern due to the expenditure on automated machines and research costs. We need to borrow substantially to finance a factory extension. We would be in trouble if interest rates increased – there is already some government concern about rising inflation. There is a new range of grants available for businesses relocating to high unemployment areas. We must stay aware of exchange rate movements too – the recent depreciation helped our international competitiveness.”

20 MARKS, 36 MINUTES

1. Prepare a SWOT analysis based on your assessment of the internal and external factors that influence LVM's success. **[10 marks]**
2. Evaluate two potential strategic options available for LVM Ltd by using the SWOT diagram prepared in Question 1. **[10 marks]**