IB Business Management – Business Management toolkit 6.1 SWOT analysis: Activity A



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6.1 IB BUSINESS MANAGEMENT TOOLKIT - SWOT ANALYSIS: ACTIVITY A

Read the case study information below and answer the questions that follow.

STRATEGIC ANALYSIS OF LVM LTD



LVM owns an assembly plant computers. It for laptop supplies products to some of the major brand names in the computer industry but does not sell any under its own name. Every six months the managers hold strategic review meeting to consider the current position of the business and the longterm plans. The following are extracts from the most recent meetings:

Megan Novak - Marketing Director: "Sales of our latest large screen models have exceeded expectations and the switch towards laptops from desktop PCs is expected to continue. The chance for computer companies to break into the expanding Asian market when trade barriers are lifted should lead to increased orders too. We need to undertake some market research in Asia as this market has higher growth potential than Europe, where most of our computers are marketed. The development of the newest mobile phone technology and links with the internet remain a concern for us. We decided two years ago not to develop this

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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

- Prepare a SWOT analysis based on your assessment of the internal and external factors that influence LVM's success.

 [10 marks]
- Evaluate two potential strategic options available for LVM Ltd by using the SWOT diagram prepared in Question 1. [10 marks]

