



人力资源管理学习摘要

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授课教师: Dr. Mark A. Lee

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Bayerische Motoren Werke AG (BMW)



Organizational Analysis



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Executive Summary

BMW, called the Bavarian machinery factory co., LTD (German: Bayerische Motoren Werke AG), is a world famous German upscale automobile and motorcycle manufacturer. When BMW began in 1916, the company was originally an aircraft engine manufacturer, then a limited liability company in 1917, and renamed in 1918 the Bavarian engine manufacturing co., LTD and stock market listings.¹

BMW has a lot of competitors; the main two are Benz and Audi, along with others like Porsche, Volvo, Lincoln, Cadillac, Acura, Lexus, Infiniti. These are strong competitors because they also manufacture and market high end automobiles.

BMW divides the cars into different series, with each series in accordance with the various models of engine, drive system, and detailed differences. Each series has its own respective models. There are many series, such as 1,2,3,4,5,6,7 series, X series, M series, and so on. BMW's service is very customer friendly, such that if the customers have any accidents, they only need to dial the rescue phone number and there will be professionals to help them deal with the accident, even the settlement of insurance claim. BMW uses the prospector strategy and differentiation strategy.

BMW's products tend to be convenient and comfortable, and the customer focused system design can be seen everywhere. In the aspect of after-sales, BMW also tends to be more service focused.

Increasing global trade has enabled the growth of world commercial distribution systems, which have also expanded global competition amongst the automobile manufacturers. The automotive industry has a tendency to globalization, which can have tremendous cost benefits. Globalization brings more business opportunities for BMW, so BMW have set up their own subsidiaries in many countries.

In general, the employees in BMW do not feel like employees; they are more like partners. They enjoy the work in the process instead of working as a task. They feel happy and comfortable because of the level playing field. A good culture of the organization can attract better employees, which will, in turn, create more profits for the company.

Overall, "Designed for Driving Pleasure" captures BMW's mission, and in the long term, they are guided by their vision to be the world's leading provider of premium products and premium services for individual mobility.

This analysis points out that BMW, compared to other similar brands, offers a very advanced operating system. BMW's driving system is very simple, easy to operate, so the driver can enjoy the fun of driving, not only for family transportation, but also for business. Therefore, this analysis highlights that innovation is the fundamental choice for the survival of an enterprise. BMW, as the world automobile industry's leading brand, still adheres to innovation of the organizational structure.

¹ <http://www.designindex.org/companies/design/bmw.html>



This report will mainly examine BMW's current organizational strategies and the organization design and structure by discussing the external environment, the internal environment and the organizational design for an international environment. Then it identifies the products and services, the information technology and control system, and the organization size, life cycle and possible decline. It also analyzes the organizational culture and ethical values.

Company Overview

"BMW was founded in 1916. The company was originally an aircraft engine manufacturer, or a limited liability company in 1917, but in 1918, it was renamed the Bavarian Engine Manufacturing Co., LTD and was listed on the stock market. In 1923, the first BMW motorcycle was developed. Five years later, in 1928, BMW bought the Herz plant in Essen, and started to produce cars. BMW created many masterpieces in the history of automobile manufacturing, and these products have constantly inspired strong feelings and became objects of desire in the market, giving BMW a prominent reputation as a carmaker."²

BMW headquarters are located in Munich. BMW has many overseas subsidiaries, such as Canada, Egypt, India, United States, Japan, and even in South Africa. Their largest market is, of course, China.

"Throughout 2013, BMW set operating income of 76.058 billion Euros, compared with 2012 Euros in 76.848 billion, down 1.0% year-on-year."³

Organizational Strategies

Mission and Vision Statement

BMW's Ad Slogan is "Designed for Driving Pleasure".

Their mission statement up to the year 2020 is: "BMW will be the world's leading provider of premium products and premium services for individual mobility."⁴ In response to the changing market and volatility, BMW has made related strategy and goals: to be profitable and to enhance long-term value in times of change. However, BMW keeps their four pillars: "Growth, Shaping the Future, Profitability and Access to Technologies and Customers."⁵

These clear goals have a strong influence on BMW and help them achieve their

² <http://forums.carreview.com/showthread.php?4388-BMW-Introduction>

³ <http://www.bmw.com>

⁴ BMW. *Company portrait-Strategy*. Retrieved March 12 2014, from http://www.bmwgroup.com/e/0_0_www_bmwgroup_com/unternehmen/unternehmensprofil/strategie/strategie.html

⁵ BMW. *Company portrait-Strategy*. Retrieved March 12 2014, from http://www.bmwgroup.com/e/0_0_www_bmwgroup_com/unternehmen/unternehmensprofil/strategie/strategie.html



purpose within the competitive environment. The mission and vision provides the basis for the development of BMW.

Strategies

BMW uses the differentiation strategy and the prospector strategy.

- Differentiation

Differentiation Strategy refers to make their products, services, and corporate image differ from other competitors to gain competitive advantage.⁶ BMW uses its own brand characteristics to attract customers and distinguishes from other organizations developing the same products. The high-grade brand experience is deeply rooted in each model, and the brand image of “honorability, juvenility, vitality, and elegance” also gets the recognition and pursuit of BMW’s consumers.⁷

However, the aim of using the differentiation strategy is to make the customers loyal to the company's brand.⁸ With the differentiation strategy, the organization aims to make the product or service differ from the same industry of other organizations. To achieve this, the company has to require high funding of product research and extensive advertising.

Overall, the differentiation strategy attempts to use the company’s brand to attract customers. To a certain extent, it also can reduce the impact of similar products of the market competition.⁸ BMW has set up a prestigious image through its high quality and personalized products. When consumers mention BMW, they stir up a noble feeling, which signals the success of BMW using the differentiation strategy.

However, the strategy requires a number of costly activities. It seems that it will increase the company's research budget and design cost. Since employees understand BMW more than anyone else, by drawing on the feedback of employees, the company can save research dollars.

- Prospector

The prospector strategy means innovation and exploration, and it also helps the organization to grow.⁸ The automobile industry is a dynamic, growing environment. In order for BMW to have dominance in this industry, the most important strategic characteristic is innovation.

“Connected Drive” and “Efficient Dynamics” provide the cornerstone of the BMW group products and technology development.⁹ Connected Drive Service makes the driver and car linked with the outside world through wireless mobile Internet. For example, drivers can have a parking assistant app that finds available parking spots and

⁶ <http://wiki.mbalib.com/wiki/%E5%B7%AE%E5%BC%82%E5%8C%96%E6%88%98%E7%95%A5>

⁷ Park Young-ryeol. (2011) Global marketing strategy of BMW. Retrieved March 13, 2014, from http://www.koreatimes.co.kr/www/news/bizfocus/2011/10/335_96718.html

⁸ Richard L. Daft. (2013). *Organization Theory and Design. (11th ed.)* South-Western College Publishing.

⁹ Chao Ma.(2012) ROBMW innovation, BMW connected drive- become to a milestone. Retrieved March 12, 2014, from <http://info.autofan.com.cn/info/2012-08-27/26/10379882.xhtml>



guides them in safe parking through ultrasound technology. It promotes the formation of a social intelligent traffic network, at the same time bringing customers new function, new experiences, and more benefits.⁹ It gives BMW the leading advantage.

BMW has become an outstanding company of innovation not only in technology and products, but also in management principles: "research – control – transformation."¹⁰ . In the first, "innovation research", the company determines which innovation may lead to a trend. In the second stage, "innovative control", the company will test and evaluate the applicability of these innovations in the automotive industry. The third stage is "innovation transformation", which takes place after approved innovations are converted to a specific product.¹⁰

Innovation is necessary to every enterprise, and BMW has done well in this category, especially in management innovation. Most companies pay more attention to the innovation of products, but the management style and corporate structure also need to improve. Failure to balance these has seriously hindered the development of some companies. However, the excellent products also need good sales and customer feedback. Thus, if BMW pays more attention to customer feedback, the innovation of the company will more effective.

Organization Design and Structure

Strategy is an important factor impacting with the organizational design. The result of the organizational design depends on how the multiple factors interact with each other, including environment, size and life cycle, technology and organization culture. The organizational design also adapts to these contingency factors.¹¹

Organization Design

Choice of strategy will affect the internal characteristics of the organization. Specifically, the organization design must be adapted to the competition strategy.¹²

As mentioned, BMW uses the differentiation strategy and the prospector strategy, so the corresponding organizational design includes the following features, as described by Daft (2013):

- Pay attention to staff training
- Create strong horizontal coordination
- Prioritize strong skills in technology and development
- Strengthen the close link between the company and the customers
- Keep flexibility and adaptability, especially during cost control

¹⁰ China Value (2013). *Innovation Management: BMW*. Retrieved March 14, 2014 from <http://www.chinavalue.net/Media/Article.aspx?ArticleId=107856>

¹¹ Richard L. Daft. (2013). *Organization Theory and Design*. (11th ed.) South-Western College Publishing.

¹² Richard L. Daft. (2013). *Organization Theory and Design*. (11th ed.) South-Western College Publishing.



- Encourage employees toward innovation and creativity
- Invest in an efficient procurement and distribution system¹³

In the figure below we can also see that BMW use the differentiation strategy and the prospector strategy to a certain extent, the structure design of the organization also be affected by the strategies. BMW has adopted the flexible and elastic structures, to strengthen the coordination between the various departments, to promote the communication and collaboration statement of the organization. This structure let every employee can participate in the company's decision, making the organization to continue development and enhance ability.

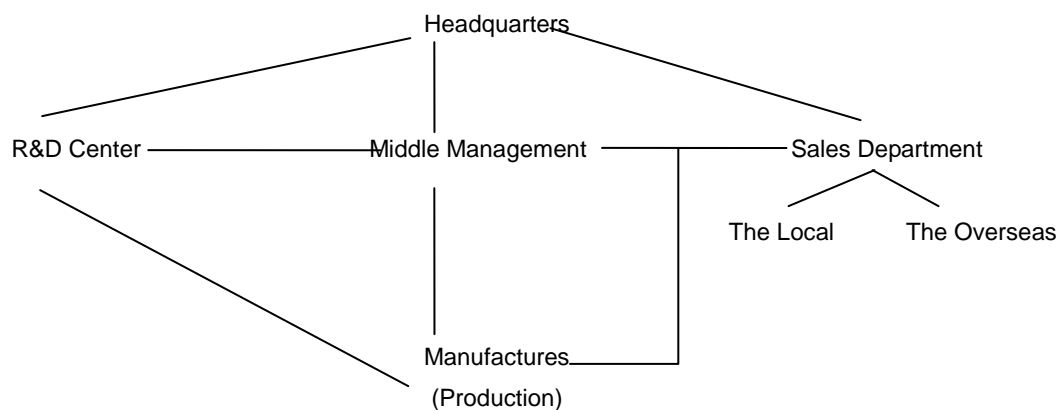


Figure 1. BMW's Functional Structure

We can see from the structure of the functional departments that BMW has local distributors and overseas distributors. For example, in China, BMW and Shenyang Brilliance BMW cooperation utilize localization of rapid production, which saves the cost of production for the enterprise and makes it more effective in the overseas market. Now there are more than 90 BMW dealerships in China, which suggests that BMW is speeding up the construction of the marketing network. This is one of the factors that BMW successfully manages in the overseas market.

External Environment

Economic Forces

- America

¹³ Richard L, Daft. (2013). *Organization Theory and Design. (11th ed.)* South-Western College Publishing.



As the financial market is still recovering, internal opposition is growing between the financial sector and the government. The game between the government and financial institutions mainly is the problem of how to balance regulation and innovation.¹⁴ For BMW, the challenge is how to maintain the lead in the global financial industry.

- Europe

Between 2009 and 2013, from the major EU members' economic performance, after the powerful fiscal stability measures, the debt crisis in Europe has been effectively controlled. After two years of recession, the euro zone economy is expected to show positive growth of 1% in 2014.¹⁴

Economic structural reform in the Eurozone has only just started, and the subprime problem still has not been completely understood. The market of Europe is slowly recovering, BMW in Europe has begun to rebound, the advertising and other promotion activities have been used.

- China

Large population, employment population, and aging population have triggered a series of problems, which have put huge pressure on resources and environmental pressure, intensifying the resources shortage and ecological environment deterioration. As the large population ages, the consumer demand for automobiles is increasing urban traffic congestion, but oil prices are soaring.¹⁵ BMW uses technical measure to solve this contradiction, the development of new technology products-BMW ActiveHybrid is an excellent example of this. The BMW EfficientDynamics stands for the noticeable reduction of consumption and emissions with a simultaneous increase in performance and driving pleasure, reduces the fuel consumption. However, consumers would certainly choose the low fuel consumption- high performance cars.

Natural Environment Forces

Nowadays as technology develops so rapidly, people's material comfort improves. Rather than being attracted to the advanced automobile driving technology, people pay more attention to the impact of the auto industry on the natural environment.

To improve efficient use of resources (water, energy, material) in the products themselves as well as during production, auto manufacturers need to seek a precise balance between ecological and economical issues.

In addition to the BMW recycling strategy with its core elements, RDZ (Recycling and Disassembly Center), Design-for-Recycling, and Material Labeling, BMW focuses primarily on the most efficient possible use of resources in intelligent systems.¹⁶

¹⁴ CFEN. *The current international financial situation analysis*. Retrieved March 12, 2014, from http://cfen.mof.gov.cn/web/meyw/2014-03/20/content_1065462.html

¹⁵ CFEN. *The current international financial situation analysis*. Retrieved March 12, 2014, from http://cfen.mof.gov.cn/web/meyw/2014-03/20/content_1065462.html

¹⁶ http://www.bmwgroup.com/e/0_0_www_bmwgroup_com/produktion/nachhaltige_produktion/produktion.html



- Water

Water is our most vital natural resource. In the production process of the BMW automobiles— during which around a third of waste water can be produced – tremendous progress has been made in the economical use of water. For instance, BMW uses closed cooling circuits, circuit-guided water systems and waste water treatment systems¹⁷

- Energy

BMW uses the heat reclamation equipment, industrial waste heat, and cold generation in absorption equipment supports the development of circulation systems. This makes it possible to exploit primary energy to a high degree, ensuring an energy supply which is also environmentally friendly.¹⁸

- Waste material – avoidance, then utilization

BMW has a great value on designing products which are optimized for recycling as well as separating and utilizing waste materials which accrue during production. Each location has responsible employees who use a waste material information system to optimize processes and procedures. This enables the continual development of further strategies for waste reduction and avoidance.¹⁹

Competitive Forces

All of the top competitors in the personal products industry are diversified, with many brand names and a wide range of products. BMW also has many competitors such as Mercedes-Benz, Audi and so on.

- Mercedes-Benz

Benz is BMW's main rival. In each series of BMW, Benz has corresponding models. As a consumer, choosing Benz or BMW has always been a hot problem. However, the majority of young people choose BMW and the more customers of Benz are in the higher age group.

- Audi

BMW has not respected Audi as one of the main rivals. However, in China, Audi entered into the market earlier than BMW, and it gave the public an “official car” image. The enhanced grade of Audi makes strong challenges to all levels of BMW.²⁰

- Others

Porsche, Volvo, Lincoln, Cadillac, Acura, Lexus, Infiniti and other premium brands also have caused great competitive pressure to BMW.

¹⁷ http://www.bmwgroup.com/e/0_0_www_bmwgroup_com/produktion/nachhaltige_produktion/produktion.html

¹⁸ http://www.bmwgroup.com/e/0_0_www_bmwgroup_com/produktion/nachhaltige_produktion/produktion.html

¹⁹ http://www.bmwgroup.com/e/0_0_www_bmwgroup_com/produktion/nachhaltige_produktion/produktion.html

²⁰ <http://www.audi.com/index.html>



Because there are so many competitors, BMW gains a broader market by speeding up the overseas market development for the company. It also brings some problems. For example, the expanding overseas market makes the organization more and more complex, and the products are becoming more and more diversified, so BMW is facing the great challenge of how to integrate the company. It needs more time and resources to adjust. The solution is to set up a centralized management of the distributors at all levels, such as overseas expatriation of the company's core leaders.

Internal Environment

Human Resource

In recent years, BMW has continuously strengthened their human resources management and development. Further, they have improved their human resource management mechanism. Now BMW has set up a senior talent pool, trainee program, and directional sponsored plan for college students. They have also established a competitive salary and a welfare system. Overall, as the staff becomes younger, this lays a good foundation for the company.

Marketing

BMW avoids the existing luxury car market, making their target market positioning the new generation, and this generation is now the primary customers of BMW. They promote on the platform of personality, people who are relatively rebellious, have the urge for self-expression, and desire to have a new life to symbolize their value.

They did a big promotional campaign with Team USA for the Olympics, and they worked together to design bobsleds for the American Olympic Team. It was also the only imported brand broadcasted on NBC at the London Olympic Games. BMW will launch a series in the United States to follow these athletes and BMW's stylist as they prepare for the Olympic match and will use the stars as the theme of TV advertising.²¹

BMW's excellent driving performance and elaborate design are consistent with a new generation of enthusiastic and active lifestyles. Therefore, in the new market, BMW makes full use of the notion of excellent driving performance, rather than simply the features like electric windows, leather chairs, chrome plated car body and other features similar to their competition.

Research and development

²¹ Sean Gagnier (2014). *BMW launches U.S. marketing and advertising blitz for 2014 Winter Olympics*. Retrived March 15, 2014 Automotive News from <http://www.autonews.com/article/20140103/RETAIL03/140109962/bmw-launches-u.s.-marketing-and-advertising-blitz-for-2014-winter>



For BMW, business success and sustainable development, including all stakeholders, is crucial. In today's market and consumption environment, top executives say China's joint venture.²²

BMW has a sustainable development strategy that promotes corporate social responsibility and public practice, which is conducive to the further development of the whole society.²³

In 2011, BMW began to expand its sustainable development strategy, and became the first of 5 dealerships in the automobile industry that required their dealers to perform with environment and social responsibility. Since 2007 the company began to CSR (Corporation Social Responsibility), ensured its leading position in the same industry.²⁴

In China, BMW also focused on resources, cultural innovation, social responsibility, and support for education. They have explored more than 150 cultural heritage sites and have contributed to 58 cultural legacies. BMW has contributed to the traffic safety education, the result which can be seen from the growth of the millions of cars on the road and the number of new drivers increasing every year. BMW children's traffic safety education program has been held across the country for eight years, a total of more than 350,000 children have benefited from it.²⁵

"For BMW, corporate sustainability and CSR programs are business approaches that create long-term consumer and employee value, not only a 'green' strategy aimed at preserving the environment, but also taking into consideration the social, cultural and economic aspects of a business," said the CEO Kastner.²⁶

Organizational Design for an International Environment

Global strategy means that in the world scope, the company has standardization product design and advertising strategy.

"Almost every company today is affected by significant global forces, and many are developing overseas operations to take advantage of global markets."²⁷This is what BMW has also tried to do.

Today, as we all know, BMW has become one of the most popularity companies and famous brands in the world. The BMW Group, according to its latest financial report, continues its leading position in premium segments of the international automobile

²² China Daily. *BMW: Sustainable growth, social responsibility*. Retrieved March 15, 2014, from http://en.ce.cn/Industries/Auto/201307/29/t20130729_24614941.shtml

²³ China Daily. *BMW: Sustainable growth, social responsibility*. Retrieved March 15, 2014, from http://en.ce.cn/Industries/Auto/201307/29/t20130729_24614941.shtml

²⁴ China Daily. *BMW: Sustainable growth, social responsibility*. Retrieved March 15, 2014, from http://en.ce.cn/Industries/Auto/201307/29/t20130729_24614941.shtml

²⁵ China Daily. *BMW: Sustainable growth, social responsibility*. Retrieved March 15, 2014, from http://en.ce.cn/Industries/Auto/201307/29/t20130729_24614941.shtml

²⁶ China Daily. *BMW: Sustainable growth, social responsibility*. Retrieved March 15, 2014, from http://en.ce.cn/Industries/Auto/201307/29/t20130729_24614941.shtml

²⁷ Richard L. Daft. (2013). *Organization Theory and Design*. (11th ed.) South-Western College Publishing.



markets. "Despite persistently difficult conditions, a total of 341,932 BMW, MINI and Rolls-Royce brand cars were delivered to customers in the period from July to September 2005, 15.4% more than in the third quarter 2004." ²⁸

In the global market, BMW and other global brands are all faced with the challenge of globalization, at the same time, the competition with other competitors continues to increase in many countries, however, there's no doubt that China has great development potential, BMW is obviously not missing this good opportunity.

Anger, the Great China region President and also the CEO of Great China, says that China is the largest market of BMW, and that he wants to grasp the opportunity to expand its globalization. Aiming at this goal, BMW will also expand the dealer network, insist on learning from past successful experiences, focus on improving the quality of the sales and after-sales service business, and continuously exploring new business areas. "This will further consolidate their foundation and improve the business model in China to sharpen the market competitiveness."²⁹

Globalization has brought more business opportunities for BMW, allowing them to set up their own subsidiaries in many countries, such as Canada, USA, Egypt, and even in the South Africa. China has many stores selling BMWs, and there is no doubt that the subsidiaries create a lot of profit for BMW every year.

Our opinion is BMW should provide a larger market in China as in recent years, China has been the biggest market for BMW, and with the continuous improvement of Chinese living standards, more and more people tend to buy BMW, as this brings people not only a symbol of identity, but the pleasure of driving.

Although BMW has marched into the globalization and the development is very fast, its annual production capacity is very big also, but this does not mean that they reduce the control of the quality, for every car BMW has strict quality monitoring, it is easy to find, in recent year, there are few BMW cars recall news, also there are few negative news about BMW's quality problems, it is the envy of many similar brand in the process of globalization.

Products and Services Being Offered

BMW is headquartered in Munich, Bavaria, Germany. It also owns and produces MINI Cars, and is the parent company of Rolls-Royce Motor Cars. "In 2013, the BMW Group produced 1,845,186 automobiles and 117,109 motorcycles through all of its brands. BMW has become a part of the "German Big 3" luxury automakers, along with Audi and Mercedes-Benz, which are the three best-selling luxury automakers in the world."³⁰As Figure 2 details, the production of BMW group has increased fast and every year, almost every production have better sales.

²⁸ <http://www.bmw.com>

²⁹ <http://ibd.shangbao.net.cn/xw/231933.html>

³⁰ "BMW best-selling luxury auto brand". DW.DE. Retrieved March 17, 2014.



Figure 2. Annual Production to BMW Group

Year	BMW	MINI	Rolls-Royce	Motorcycle
2005	1,122,308	200,119	692	92,012
2006	1,179,317	186,674	847	103,759
2007	1,302,774	237,700	1,029	104,396
2008	1,203,482	235,019	1,417	118,452
2009	1,043,829	213,670	918	93,243
2010	1,236,989	241,043	3,221	112,271
2011	1,440,315	294,120	3,725	118,865
2012	1,547,057	311,490	3,279	125,284

Current models

BMW divides their cars into different series. Each series is divided in accordance with the various models of engines, drive systems, and differences in level of details, which then all have their own respective models.

- The 1 Series, originally launched in 2004, is BMW's smallest car and you can see its small feel from its cute shape. Currently available are the second generation hatchback and first generation coupe/convertible. This car is designed for young people who enjoy sports and families that have less people, for its inner space is a little bit narrow.
- The 3 Series is a compact executive car manufactured since 1975. We think it is very suitable for girls, and its fashionable shape and big inner space also makes it a good choice for families which have more people.
- In 2014, the 4 Series will be released and will replace the 3 Series Coupe and Convertible. The 4 Series is the newest series in the BMW family, which brings new blood into the BMW Group.
- “The 5 Series Gran Turismo (F07), which debuted in 2010, created a segment



between station wagons and crossover SUV.”³¹

- BMW's super business sedan is the 7 Series. Typically, BMW introduces many of their innovations first in the 7 Series, such as the iDrive system and many other advanced system. However, almost every BMW car has these advanced systems which makes a huge improvement. The 7 Series can give the driver a very cool feeling, as drivers can have better understanding about “sheer driving pleasure”. We think this series fits businessmen and people who have a good reputation.
- “In 2013, the company announced that it was to launch its first fully electric car range. This would begin with the launch of the i3 in the second quarter of 2014.”³²

As we said before, each series are suitable for the BMW. For some developing countries, for example, China, BMW has not only a symbol of luxury, more is to give drivers unique brand experience with other brands, so BMW's strategy is to meet every consumer crowd. The 1 series is designed for young people, for example, 116i or 118i, are both hatchbacks. Its shape is designed to be very suitable for people that pursue a fashionable appearance, but the downside is that its internal space is narrow, and it is not suitable for larger families. Maybe it will attracts girls. The 5 series and 7 series are designed for business men who own companies because its shape is very businesslike, and the internal space is very big. The 5 series and the 7 series can offer the optimal choices for high-end patrons. What's more, the X series is very suitable for travel and adventure, as the X series' maneuverability is well incorporated and comfortable. This series changed BMW as a company as it previously focused on maneuverability and ignored the design of the comfort. We believe it is a good choice for people to go out and enjoy the pleasure of adventure.

BMW service

“Quality, efficiency and innovation: the three cornerstones of the vehicle-maintenance expertise delivered by BMW Service - today and tomorrow.”³³

BMW is very advanced in its service concepts, as whatever difficulties the customers encounter, BMW will provide them with quality service 24 hours a day so they don't have to worry about any problems with their car. Year after year, BMW is committed to provide their customers with first-class service, first-class care of their cars, and an uncompromising driving experience.

BMW's after-sales service includes the Maintenance and repair. As far as I know, BMW's service is very personalizde, and after purchasing a BMW, customers may benefit from its superior after-sales service. For example, if the custmor goes to the 4s

³¹ "BMW 5-Series Gran Turismo". reported by newBMWseries.com. Retrieved March 17, 2014.

³² "BMW i3 Official Page". BMW. Retrieved March 17, 2014.

³³ BWM. *BMW i3 Official Page*. Retrieved March 17, 2014, from

http://www.bmw.com/com/en/insights/technology/technology_guide/index.htmlhttp://www.bmw.com/com/en/insights/technology/technology_guide/index.html



shop repairing the car, he/she can make an appointment in advance of the maintenance, the process of maintenance is transparent and open all the way, customer sits in the break room, in front of a computer showing the special car repairing process and he/she can timely find any problems in the process of maintenance, so as to communicate with maintenance at any time, or once the customers has any accident, they only need to call the BMW specialized roadside assistance, then he/she can trust in the special after-sales service, and insurance claims services. This can save the customers' time, and also solve the problem of a lot of maintenance for customers.

But perfect does not mean 100 points, BMW's service also have many problems to be solved. Such as, as far as we know, the road rescue and accident rescue is not as effective as it used to be after we can't enjoy the service that after dialing the telephone, then the after-sales aid special workers for you, then someone came to the scene of the accident timely solving the accident for you. This greatly violated the BMW promised 10 minutes to arrive at the scene of the accident which caused the waste a lot of time to the customer.

Another problem is serious, BMW car is divided into domestic and imported, imported BMW after-sales maintenance is very expensive, and imported BMW has no spare tire, once any problem with the car's tires or car parts, the customer will take a long time to wait for the import of these parts. We think that in China, BMW group can create specialized shop, imported some parts that are easily broken in advance to the repair shop, thus greatly save the time of the customers. BMW should solve this problems, and not only pay attention to their sales, because many customers choose BMW because of the personalized service.

Information Technology and Control System

We think today's most successful organizations are usually the ones with the most effective application of information technology. IT systems have evolved to offer a wide variety of applications in order to meet the information needs of an organization.

"Today, all the various computer-based systems have begun to merge into an overall IT system that adds strategic value by enabling close coordination internally and with outside parties."³⁴

Management information systems can improve the efficiency and benefit companies. This will affect the main direction of scientific management. And the information system and technology has also been applied to the BMW Group, management information system is the enterprise's resources and BMW has hired many IT experts who are committed to the BMW information system development. This has allowed a lot of functions of BMW to be more advanced than other similar products.

There are six technology control systems about BMW that are different from Benz,

³⁴ Richard L. Daft. (2013). *Organization Theory and Design*. (11th ed.) South-Western College Publishing.



Audi or other competitors: “iDrive, Dynamic Traction Control (DTC), Steptronic, Navigation system, Dynamic Stability Control (DSC) and the Auto Start Stop function.”³⁵ Each system has its own characteristics. We want to discuss its two most important systems.

iDrive: Almost every BMW car has the iDrive system, The iDrive system from BMW gives the driver complete control of the car’s many features, while at the same time allowing them to focus on driving.

iDrive is the simplest and most intuitive way to control entertainment, information and communication. “The goal is to separate display and control. The system mainly includes the control display and the controller in the central console.”³⁶

Steptronic: Steptronic makes the transfers in BMW's automatic transmission gear dynamic and manual transmission and sports.

“The characteristics are the flexible rapid transformation eight-speed automatic transmission in BMW eight-speed manual. The driver simply needs to move the gear shift lever to activate up or down to change the manual transmission. This is easily and convenient to the drivers.”³⁷

In our opinion, BMW’s operating system compared to other similar brands is very advanced, very personalized, and its design is not complicated. A person can just browse the specifications, and the driver can then learn how to operate these systems. However, simple and convenient operating systems do not cause drivers to get in accidents, but can enable drivers to achieve a better operational experience have more fun driving. This system obviously conforms to the core of the luxury car brand image.

Organization Size, Life Cycle, and Possible Decline

Size

As is known to all, the BMW Group is very large, and since its inception, they have set up branches and actively large flagship stores in multiple countries. Walking on the road, you can find a lot of BMW cars easily, but BMW began to cut platforms to reduce costs in recent years. “In the future BMW and MINI will only keep two platforms which will lead to a decrease of the scale of BMW.”³⁸

In recent years, with China’s economy growing fast, the middle-class and business elite has quickly become the biggest purchase group of luxury cars. Young consumers with personality have increased. To buy one million RMB worth of a BMW cars is no longer in order to show off wealth, but is more of a concern about whether the brand

³⁵ <http://www.bmw.com>

³⁶ <http://www.bmw.com>

³⁷ <http://www.bmw.com>

³⁸ <http://roll.sohu.com/20140317/n396760532.shtml>



conforms to their personal appearance. Young consumers do not enjoy spacious offices in buildings, and more hope to get away from the city. They no longer cling to the flamboyant appearance and design of BMW, and more willing to ask about the history of the brand. In China, the size of BMW will increase, however, because of the fast growing middle-class.

Life cycle

Life cycle refers to the market life of product. After a product into the market, its sales and profits will change over time, creating a process moving from less to more from more to less, similar to human life, from birth, growth to maturity, and eventually going into a decline. This phenomenon is the product life cycle. Product life cycle, refers to the products entering the market, until eventually they are withdrawn from the market.

BMW has very special strategy which is to keep the product growth stages steady and to introduce new models in each of their product lines. In fact, by contrast, many car manufacturers launch new models, then think about the same, however, BMW works continuously to improve its existing products. This is important for the customers for if their old cars do not have a good value after a few years, they certainly will not want to buy the new BMW cars. "McDowell, vice president of marketing at BMW explains, "Anyone can sell a lot of cars the first year, when a car is new. It is our challenge to constantly improve the car and to continuously find new innovative ways to market it.""³⁹

"BMW cars usually have a product life cycle of 7 years."⁴⁰ As global sales have increased, BMW has become aware of some international product life cycle that are shorter or longer than 7 years. In Sweden and Britain, automotive product life cycles are 8 years, while in Japan they are typically only 4 years long.

Decline

The global auto market continues to decline, and the BMW group performance in new car sales in last few months in this year on a clear downward trend. BMW, the decline has various reasons, the competition is one of the biggest reasons, with the rapid rise of the Audi and Mercedes-Benz makes BMW lost many their advantages in many ways. The Benz which always with the concept of comfortable, change their own style, paying more attention to the quality of the engine, making their comfortable car adds a lot of power, and the Chinese market also continued to decline. It is mainly because all the big cities in China, like Beijing, Tianjin, Shenzhen and Shanghai have issued a car lottery policy, and this policy makes people's sales decline, BMW has also been greatly affected.

³⁹ Shelleya1980 Bmw - Product Life Cycle Retrieved March 17, 2014 from <http://www.studymode.com/essays/Bmw-Product-Life-Cycle-930294.html>

⁴⁰ <http://www.bmw.com>



Organizational Culture

“Culture is the set of values, norms, guiding beliefs, and understandings that is shared by members of an organization and taught to new members as the correct way to think, feel, and behave. It is the unwritten, feeling part of the organization.”⁴¹

At work, each group includes two aspects, the formal organization and informal organization, formal organization including culture and the informal organization including enterprise structure and strategy, and so on.

The employees in BMW do not feel like employees, they feel that they are all partners who will finish a great mission. The employees do not have tasks, they have conversations. The company will hold a huge party after every successful work that is finished by their employees so the employees can celebrate their success. The company do not provide special restaurants and parking spaces for their executives. Every employees in BMW is important to the whole company. With the development of the company, BMW has formed subcultures. “Subcultures develop to reflect the common problems, goals, and experiences that members of a team, department, or other unit share. An office, branch, or unit of a company that is physically separated from the company’s main operations may also take on a distinctive subculture.”⁴² BMW emphasizes teamwork, and dares employees to take risks and be creative.

Most employees in BMW feel happy and equal to others every day. We guess that this may mean the culture and care for their people has been applied well in BMW.

Culture is an important part of a company, we may always focus more on sales and after-sales link, ignored the BMW's own culture. A good cultural environment can attract better staff, so as to win more profits. BMW pays attention to details, and details can determine success or failure.

Ethical values

Business Situation

Before analyzing the ethical values of BMW, we should first analyze the financial situation of the company. Considering the official annual reports of the last year, we can see how the profits and market share have changed in correlation to the different ethical values of BMW.

A) Facts and Figures

In the official annual report of BMW for the year 2013, we are going to briefly explain the global situation of the company from production sales volume and the increasing

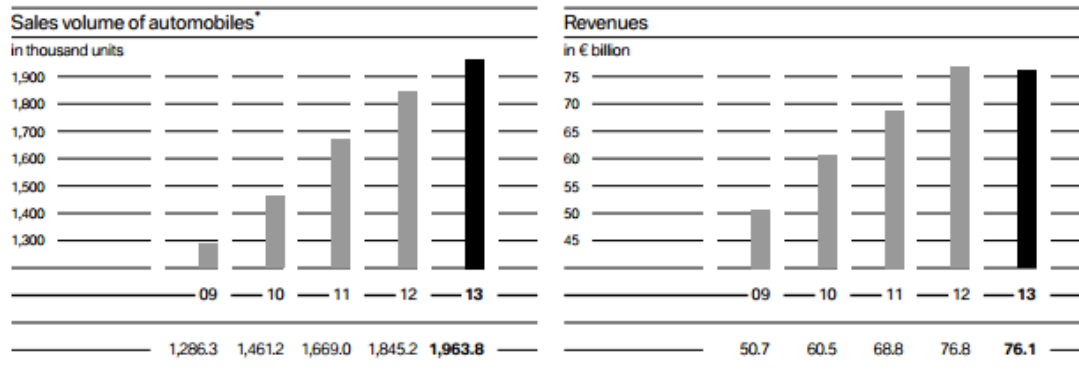
⁴¹ Richard L. Daft. (2013). *Organization Theory and Design*. (11th ed.) South-Western College Publishing.

⁴² Richard L. Daft. (2013). *Organization Theory and Design*. (11th ed.) South-Western College Publishing.



profits⁴³.

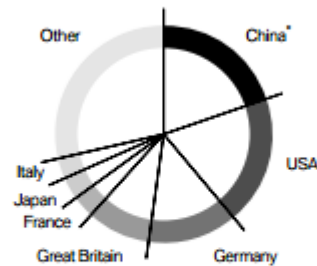
Figure 3. Sales volume and revenues to BMW in 2013⁴⁴



From the data, the sales of automobiles from BMW continues to increase while the revenues are basically flat.

Figure 4. Sales volume in global to BMW in 2013⁴⁵

BMW Group – key automobile markets 2013
as a percentage of sales volume

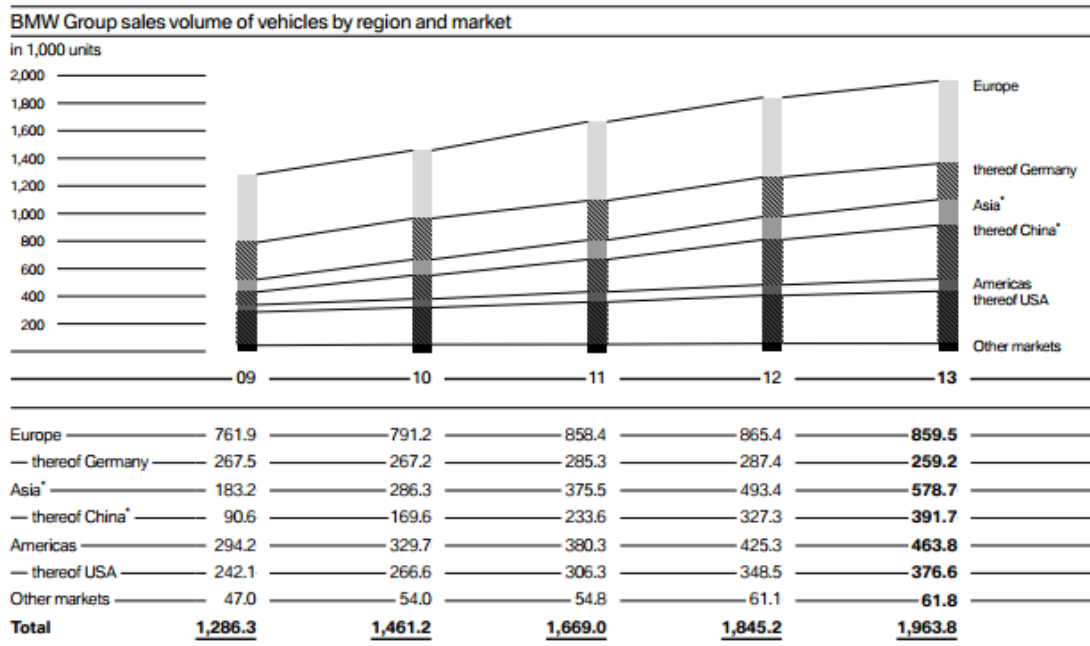


China*	19.9	France	3.3
USA	19.2	Japan	3.3
Germany	13.2	Italy	3.0
Great Britain	9.6	Other	28.5

⁴³ BMW annual report 2013.

⁴⁴ BMW annual report 2013.

⁴⁵ BMW annual report 2013.



From these two figures we can see that the proportion of sales volume in China is increasing sharply and has already occupied 20%. After the economic crisis in 2008, lots of automobile manufacturers did not show the “strength” it had before, but in this document, the incredible evolution of the Asia market really brings fortune to BMW’s market expansion.

What we can say as a conclusion to BMW market condition is that if you exploit a market too fast, you may forget some relevant problems (such as consumer complaints) during this time. We will talk about the BMW black list affair in China later.

B) Salaries of the Board of Director’s Members

A real salary level of executives is very important to make sure there is transparency in a report. We found data about this from the annual report for BMW in 2013:

“The basic remuneration of members of the Board of Management is unchanged from the previous year, namely € 750,000 p. a. for a period of office, € 900,000 p. a. for a year of office onwards and € 1,500,000 p. a. for the Management.”⁴⁶

Therefore, as a worldwide company, timely adjustment of the salaries of management is a good way to show there is nothing to hide.

Fair trade and After-sales

A) Fair trade is a kind of social movements. It advocates a global labor,

⁴⁶ BMW annual report 2013.



environmental protection and social policy fairness standard which can make better trading conditions.⁴⁷

Nowadays, after China gained access to WTO, many global automobile manufacturers are using an unfair price to price their products.

Figure 5. Different Car Price Between China and US⁴⁸

Model	U.S. MSRP	Conversion into RMB (Exchange rate as 6.3)	Chinese MSRP	Gains
M5	\$92,900	585,270	1,788,000	305.50%
M6	\$111,200	700,560	2,360,600	336.96%
M6 Gran Coupe	\$115,000	724,500	2,395,000	330.57%
X6M	\$93,900	591,570	2,190,000	370.20%

From the figures above, we found that there is a big price disparity between two countries and a gain of up to 370.20% profits for selling each X6M.

B) The BMW China group’s black list affair received negative public reactions in 2013. Mr. Liu sent his BMW 320i to the 4S shop for repairing sheet-metal, but the repair process lasted one whole month with four times rework. After Mr. Liu got the repaired car, this time he found the interior carpet suffered man-made damage.

Through safeguarding legal rights several times, finally, BMW official admitted the black list existed, like some BMW 4S shop in China have privilege to decide their own repair standard and discriminate customers. But at the end of the whole affair quite down, BMW official did not make any effective terms of settlement.

Conclusion

In our opinion, BMW business ethics should pay more attention and establish internal measures for controlling global employees so that can make sure everyone who buys a BMW car can gain the same enjoyment, not only for sales volume but also for after-sales mechanism improvement. The German headquarters should seriously reexamine their market expansion strategy whether lack of consideration or not, and should treat all the country’s sales price equally.

Summary and Recommendations

BMW is consistent with their unique brand positions, and is dedicated in developing the spirit of the brand and differentiation strategy in entering the Chinese market. With its

⁴⁷ From Wikipedia, the free encyclopedia. *Fair Trade*. Retrieved 21 March, 2014, from http://en.wikipedia.org/wiki/Fair_trade

⁴⁸ From BMW US Official Page and China Official Page.



high technology and avant-garde design, combined with a series of multiple perspectives of marketing, BMW has invaded the luxury car market in China successfully. However, because of the difficulties with the localization process, BMW has also experienced some failures, but so far these failures have not seriously affected its sales. In the future, BMW will meet more unprecedented challenges in China. With China's economic situation becoming more prosperous, the competition from high-level segment markets will become more fierce.

Therefore, in our perspective, BMW should improve or perfect their strategy in China as follows: A) Set a reasonable product price and create a precise product position. B) Make further improvements to their after-sales service. C) Deal with the impact of competitors in recent years, such as Mercedes who have just release their New C-class and S coupè will capture plenty of consumers who prefer gorgeous interiors and modern exteriors. D) Do their best to promote BMWs localization process, such as launching longer wheelbase models in China. E) Make use of policy subsidies for energy and carbon emissions in China, research new energy cars and perfect hybrid cars to occupy these market segments.



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