HOME ASSIGNMENT

ON

# International Business

*Submitted in Partial Fulfillment*

*Of the requirement for the award of the Degree of*

## MASTER OF BUSINESS ADMINISTRATION

BM-5031

YASIN KHAN

ENROLMENT NO. 19MBA00132

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DR. MANISH DADHICH




## SCHOOL OF MANAGEMENT

SIR PADAMPAT SINGHANIA UNIVERSITY

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**Business Strategy: Case of the Ford Motor Company**

The Ford Motor Company decided to produce the first lowest priced car in U.S.A. The company President Mr. Lee Iacocca wanted to rush the development of a car costing less than $ 2000, as he promised the public that his company will bring out car at that price ( as low as $2000) and also fight the growing popularity of Volkswagen’s Beetel. Preliminary test showed that it involved an additional cost of $ 11 to enhance the safety of the car. Then he organized the meeting of the executives of the company to decide how to reduce the cost below $2000. Many executives suggested that the company should sell the car at $2011 by including the safety features. But some executives viewed that the company should sell the car at $2000 as was promised by excluding the safety feature. However, the company decided to go ahead without the safety norms.

The car got overwhelming response from every corner but after six months of release, one of the cars met with an accident killing all the passengers travelling in it. The competitors influenced the newspaper to publish this accident significantly and the newspaper in the U.S.A. highlighted the absence of the safety features. This incident resulted not only in the loss of sales but also in the closure of the unit resulting in a loss of $250 million to the company.

**Questions**

1. What was the key strategy behind manufacturing of low-price car of Ford motor?
2. What was the ultimate result of the business strategy?
3. If you were the President of Ford Motor what changes would you like to implement?