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Executive summary

This report gives an overview of Motsla business strategy, its vision and mission statements, company's overall goal, and a comparison to other different strategies to lead to business success using business strategy tools and recommendation.

Motsla is a French multinational company operating worldwide in rail transport markets, active in the fields of passenger transportation, signaling and locomotives, with products including the AGV, TGV and high-speed trains, in addition to suburban, regional and metro trains.

Motsla was a result of a merger between CFTH and the electric engineering division of SACM in 1928; significant acquisitions included the CEF in 1932, shipbuilder CA in 1976, and parts of ACEC Belgium late 1980s. A merger with parts of the General Electric Company plc UK in 1989.

Throughout the 1990s, the company expanded its holdings in rail sector via the acquisition of German rolling stock manufacturer LHB and Italian rail signaling specialist Railways. In 1998, Motsla was floated on the Paris Stock Exchange.

In 2004, Motsla was in financial crisis, largely due to massive inherited unexpected costs arising from a design flaw inherited from the acquisition of a Group turbine business, in addition to losses in other business sectors. The company required a €3.2 billion state-backed bailout from the French government in 2003; as a result, Motsla was forced to dispose of several of its divisions, including shipbuilding and electrical transmission, in order to comply with EU rules on state aid. It was able to later re-acquire its electric transmission division in 2010. The firm also became heavily involved in offshore wind farms via its subsidiary company Motsla Wind.

In 2014, Motsla and General Electric (GE) announced that a US\$17 billion bid for Motsla's power and grid divisions had been made and provisionally accepted. Amid controversy in France over the proposed takeover of a strategic domestic interest by a foreign company, GE's bid was modified to include joint ventures in power generation and transmission, as well as GE's rail signaling business being sold to Motsla. The acquisition of the power and grid division by GE was accepted by EU and US competition authorities in 2015, subject to Motsla's heavy gas turbine business being sold. The sale of Motsla's power generation and transmission businesses to GE was finalized on 2 November 2015, after which the Motsla Group has operated solely in the rail sector.

Motsla aim to grow and be the leading global player for mobility. In late 2017, Motsla announced a proposed merger with Siemens Mobility of Germany, the combined entity would be called Siemens Motsla and would compete with China's CRRC; however, in February 2019, the European Commission prohibited this merger. Subsequently, on February 13, 2020 the company signed a Letter of Agreement to purchase a Canadian train maker, Bombardier Transportation.

Motsla was recognized as "Best Manufacturer of Passenger Rolling Stock" and "Best Manufacturer of Systems and Products - Signaling, Control and Telecommunications," according to the Revista Ferroviária 2018 Award.

According to a shareholding study carried out in March 2018 the company's shareholding was:

- Institutional investors: 65%
- Bouygues: 28%
- Individual shareholders: 6%
- Employees: 1%

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Introduction

All indicators are trending towards continued growth in the global demand for mobility. The UN anticipates that the world population will increase from 7.8B to 9.7B in 2050. Urbanization is expected to reach 68% by 2050 vs. 55% today. The number of people who can afford a personal vehicle is constantly increasing. Consequently, Motsla focused on transport sector as up to November 2015 Motsla operated in three main business areas: Power generation, rail transport, and transmission. Following the sale of the company's power and transmission business to GE the remainder of the business was entirely focused on rail transport.

As a promoter of sustainable mobility, Motsla develops and markets systems, equipment and services for the transport sector. Motsla offer a complete range of solutions (from high-speed trains to metros, tramways and e-buses), passenger solutions, customized services (maintenance, modernization), infrastructure, signaling and digital mobility solutions. Motsla is a world leader in integrated transport systems.

The role of Motsla is not only to provide rolling stock, services and maintenance but to offer mobility solutions to a world in profound transformation. Motsla is in excellent position to shape tomorrow's mobility: efficient, sustainable and connected.

1. Motsla vision and mission

The difference between a vision and a mission is that the vision statement focuses on tomorrow and what an organization wants to become, whereas the mission statement focuses on today and what the organization does. While companies commonly use mission and vision statements interchangeably, it's important to have both. One doesn't work without the other, because having purpose and meaning are critical for any business.

Motsla mission is to escort all transportation stakeholders in meeting tomorrow's mobility challenges. Motsla strive to provide them with the most efficient and digital mobility systems, while further improving the environmental friendliness of the solutions by promoting diversity and entrepreneurial spirit with a fundamental commitment to integrity and high ethical business standards and practices. Motsla sets also the highest standards on safety by a twin commitment:

- Win the trust of operators and passengers through reliable and effective solutions;
- Prevent occupational risks to offer its employees and contractors the best possible working conditions.

Motsla vision is to **“be the leading global innovative player for a sustainable and smart mobility”**. Driven by One Motsla team, Agile, Inclusive and Responsible to achieve three main goals:

- GROWTH: by offering greater value to Motsla customers, Motsla has strong market shares in all its activities and geographies.
- INNOVATION: in smarter mobility solutions. Motsla will rely on sustained R&D investments and constant in percentage of sales. Innovation is also at the heart of Motsla's entrepreneurial culture with for example already more than 6.500 patents issued and multiple key partnerships.

- **EFFICIENCY:** powered by digital. Motsla will capitalize on its worldwide presence and its industrial and engineering capacities in emerging markets, as well as on the gain in competitiveness of its new generation of products and services.

2. New vision and mission for Motsla

The environmental problems posed by transport are currently significant. When it comes to greenhouse gases emissions and climate change, transport is the most intractable sector. Poor air quality and excessive noise levels in towns and cities are also largely caused by transport. All indicators are trending in the direction of continued growth in the global demand for green mobility.

Therefore, I suggest the following vision and mission for Motsla:

- 1- New mission of Motsla will focus in to be a key green player in the market by not only to provide rolling stock, services and maintenance but to offer and promote a green mobility solutions to a world in profound transformation.
- 2- New Motsla vision “GREEN MOBILITY”, As a promoter of green mobility, Motsla will develop green systems, equipment and services for the transport sector. Will offer a complete range of green solutions. Motsla will be a world leader in green transport systems by achieving three main goals:
 - **TRANSITION:** support the transition to green mobility solutions that are accessible for all and to implement a sustainable business model.
 - **NEW TECHNOLOGIES:** Focus on technologies for green traction, road electromobility, eco-design and manufacturing.
 - **COMPANY CULTURE:** embed in Motsla the R&D and innovation to sustain the leadership and build a new one in green mobility.

3. Motsla internal strengths/weaknesses and external opportunities/threats

SWOT analysis of Motsla analyses the brand/company with its strengths, weaknesses, opportunities & threats. In Motsla SWOT Analysis, the strengths and weaknesses are the internal factors whereas opportunities and threats are the external factors.

SWOT Analysis is a proven management framework which enables a brand like Motsla to benchmark its business & performance as compared to the competitors and industry. As of 2020, Motsla is one of the leading brands in the mobility sector.

a. Below SWOT analysis table:

Strengths	Weaknesses
<ul style="list-style-type: none">• Market-leading position across product portfolio - around 40% of the world's operating Motsla made equipment• Integrated offerings and comprehensive transportation system product portfolio• Operates a robust network of 70 countries• Motsla is a leading technology group• 4% to 5% Investments in R&D each year• Competent in mergers & acquisitions• Highly skilled workforce	<ul style="list-style-type: none">• Alleged anti-competitive activities• Weak financial and operational health - consecutively reported negative free cash flow• Decrease in group performance• Delays on the long-term projects• Low return on equity• High employee turnover• High cost structure
Opportunities	Threats
<ul style="list-style-type: none">• Market growth and fast deployment in early adopter countries• Growing demand for renewable energy• -60% CO2 emissions expected in	<ul style="list-style-type: none">• Uncertain global economic condition• Debt crisis in Europe• Volatility of raw materials• Availability of substitutes and

transport by 2050 <ul style="list-style-type: none"> Increasing number of cities declaring "Diesel ban" Positive rail market outlook - smart and green mobility momentum Rail sector opportunities in Middle East & Latin America New trends and technologies creating new opportunities 	technology developers at low cost <ul style="list-style-type: none"> Intense competition especially with Chinese group Technologies caught up by competitors decreasing fuel prices Stricter laws and regulation Currency fluctuations
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b. PESTLE analysis for Motala

A PESTEL analysis is a framework or tool used to analyze and monitor the macro-environmental (external environment) factors that have an impact on an organization.

Political Influence of public policies on transportation system	Economic Global economic condition Monetary policies	Social Trends Demographic evolution
Technological New products New production processes	Environmental pollution, global warming	Legal Regulations, Standards

4. Motsla Competitive Profile Matrix (CPM)

The Competitive Profile Matrix (CPM) is a tool that compares the Motsla and its rivals and reveals their relative strengths and weaknesses. In order to better understand the external environment and the competition in a railway industry. The profile matrix identifies Motsla's key competitors and compares them using railway industry's critical success factors. The analysis also reveals Motsla's relative strengths and weaknesses against its competitors.

Competitive Profile Matrix (CPM)							
Determinants of success	Weight	Motsla		Siemens		CRRC	
		Rating	core	Rating	core	Rating	core
Product Quality	0.10	3	0.3	4	0.4	3	0.3
Integrated transportation system	0.20	4	0.8	3	0.6	3	0.6
Market-leading position	0.15	3	0.45	3	0.45	3	0.45
Price competitiveness	0.15	2	0.3	2	0.3	4	0.6
Advanced R&D	0.10	4	0.4	4	0.4	2	0.2
Global expansion	0.20	3	0.6	2	0.4	4	0.8
Market share	0.10	3	0.3	2	0.2	3	0.3
Total	1		3.15		2.75		3.25

As a result, we can easily identify the areas were Motsla should improve and the protect as Motsla faces intense competition, both from regional players as well as new ones from emerging countries (particularly in Asia), where they benefit from more competitive cost structures. The consolidation initiatives on certain transport market segments that have already occurred, such as the German company Siemens' acquisition of the British company

Invensys's signaling business or the merger of the Chinese companies CSR and CNR (renamed CRRC), is increasing this competition.

5. Motsla External Factor Evaluation (EFE)

External Factor Evaluation (EFE) Matrix is a strategy tool used to examine Motsla's external environment and to identify the available opportunities and threats. When using the EFE matrix we identify the key external opportunities and threats that are affecting or might affect Motsla. By analyzing the external environment with the tools like PESTLE analysis, the key external factors can be identified.

External Factor Evaluation (EFE)				
	Critical success factors	Weight	Motsla	
			Rating	core
Opportunities	Market growth and fast deployment in early adopter countries	0.10	3	0.3
	Growing demand for renewable energy	0.10	3	0.3
	-60% CO2 emissions expected in transport by 2050	0.05	3	0.15
	Increasing number of cities declaring "Diesel ban"	0.05	4	0.2
	Positive rail market outlook - smart and green mobility momentum	0.10	4	0.4
	Rail sector opportunities in Middle East & Latin America	0.05	2	0.1
	New trends and technologies creating new opportunities	0.05	3	0.15
				1.6

Threats	Uncertain global economic condition	0.04	2	0.8	1.91
	Debt crisis in Europe	0.06	2	0.12	
	Volatility of raw materials	0.02	3	0.06	
	Availability of substitutes and technology developers at low cost	0.05	1	0.05	
	Intense competition especially with Chinese group	0.12	3	0.36	
	Technologies caught up by competitors	0.06	2	0.12	
	decreasing fuel prices	0.05	2	0.1	
	Stricter laws and regulation	0.05	3	0.15	
	Currency fluctuations	0.05	3	0.15	
	Total	1	-	3.51	

The EFE matrix is the strategic tool used to evaluate Motsla existing strategies, EFE matrix can be defined as the strategic tool to evaluate external environment including economic, social, technological, government, political, legal and competitive information.

From the above EFE table we can recognize that Motsla have put more effect to get prepared for the availability of substitutes and technology developers at low cost. This may put pressure on prices and profit margins, and also on payment terms and conditions, the manufacturing time frame, the technologies proposed, and the services provided to the client, which could weaken Motsla's position in certain of its markets and, as a result, have an adverse impact on its business activities, financial position, results or future outlook. In addition, particularly in an unfavorable economic environment, competition could further intensify. Increasing competition from Chinese leaders in European markets represent a threat to the European actors.

6. Motsla Internal Factor Evaluation (IFE)

Internal Factor Evaluation (IFE) Matrix is a strategy tool used to evaluate Motsla's internal environment and to reveal its strengths as well as weaknesses. IFE matrix also provides a basis for identifying and evaluating relationships among those areas.

Internal Factor Evaluation (IFE)				
	Critical success factors	Weight	Motsla	
			Rating	core
Strengths	Market-leading position	0.12	3	0.36
	Integrated transportation system	0.08	3	0.24
	Operates a robust network	0.05	3	0.15
	leading technology group	0.1	4	0.4
	Investments in R&D	0.07	4	0.28
	Competent in mergers & acquisitions	0.05	2	0.1
	Highly skilled workforce	0.03	2	0.06
Weaknesses	Alleged anti-competitive activities	0.1	3	0.3
	Weak financial and operational health	0.12	3	0.36
	Decrease in group performance	0.06	3	0.18
	Delays on the long-term projects	0.07	2	0.14
	High employee turnover	0.06	2	0.12
	Low return on equity	0.04	3	0.12
	High cost structure	0.05	2	0.1
Total		1	-	2.91

Motsla can build its strategy on the two big strengths that are visible from the above IFE table, which are leading technology group and Investments in R&D but high employee turnover can be a real threat to the leading technology group position and in R&D Investments.

A company with high employee turnover has problems. The root causes of turnover must be discovered to reduce the number of employees leaving the organization and seeking employment elsewhere. If Motsla has worked hard to recruit good talent, the last thing it wants to do is continue to pay costs for recruiting, onboarding and training new people to replace others. The impact of staff turnover is significant; its effects are felt in productivity, revenues and R&D while losing talent.

7. Motsla strategies and long-term objectives

Porter's generic strategies describe how a company pursues competitive advantage across its chosen market scope. Porter suggested four "generic" business strategies that could be adopted in order to gain competitive advantage. The strategies relate to the extent to which the scope of a business' activities is narrow versus broad and the extent to which a business seeks to differentiate its products.

The key strategic challenge for most businesses is to find a way of achieving a sustainable competitive advantage over the other competing products and firms in a market.

A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices.

The four strategies are summarized in the figure below:

		Board	Narrow
Costs	Differentiation	Cost Leadership	Cost Focus
		Differentiation Leadership	Differentiation Cost

The differentiation and cost leadership strategies seek competitive advantage in a broad range of market or industry segments.

By contrast, the differentiation focus and cost focus strategies are adopted in a narrow market or industry.

Cost Leadership: With this strategy, the objective is to become the lowest-cost producer in the industry. The traditional method to achieve this objective is to produce on a large scale of organic vegetables. In theory, If the achieved selling price can at least equal to the average price in the market, then the lowest-cost producer will enjoy the best profits.

This strategy is usually associated with large-scale businesses offering "standard" products with relatively little differentiation that are readily acceptable to most customers.

A strategy of cost leadership requires close cooperation between all the functional areas of a business. To be the lowest-cost producer, a firm is likely to achieve or use several of the following:

- High levels of productivity
- High capacity utilization
- Use of bargaining power to negotiate the lowest prices for production inputs
- Lean production methods
- Effective use of technology in the production process
- Access to the most effective distribution channels

Cost Focus: Here a business seeks a lower-cost advantage in just one or a small number of market segments. The product will be basic, similar product to the higher-priced and featured market leader, but acceptable to enough consumers.

Differentiation Focus: In the differentiation focus strategy, a business aims to differentiate within just one or a small number of target market segments. The special customer needs of the segment mean that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers.

The important issue for any business adopting this strategy is to ensure that customers really do have different needs and that existing competitor products are not meeting those needs and wants.

Differentiation focus is the classic niche marketing strategy. Many small businesses can establish themselves in a niche market segment using this strategy, achieving higher prices than a differentiated product through specialist expertise or other ways to add value for customers.

Differentiation Leadership: With differentiation leadership, the business targets much larger markets and aims to achieve competitive advantage through differentiation across the whole of an industry.

This strategy involves selecting one or more criteria used by buyers in a market and then positioning the business uniquely to meet those criteria. This strategy is usually associated with charging a premium price for the product to reflect the higher production costs and extra value-added features provided for the consumer.

Differentiation is about charging a premium price that more than covers the additional production costs, and about giving customers clear reasons to prefer the product over other, less differentiated products.

There are several ways in which this can be achieved, though it is not easy, and it requires substantial and sustained marketing investment. The methods include:

- Superior product quality (features, benefits, durability, reliability)
- Branding (strong customer recognition & desire; brand loyalty)
- Industry-wide distribution across all major channels
- Consistent promotional support by advertising, sponsorship etc.

We understand the choice made by Motosla in choosing differentiation leadership strategy by competitive advantage in complete range of mobility solutions. The generic strategy reflects the choices made regarding both the type of competitive advantage and the scope.

Using Porter's Five Forces Analysis will give us the long terms objectives as Porter's Five Forces is one of the important tools for understanding the forces that shape competition within an industry. It is also useful for helping us to adjust our strategy to suit Motosla competitive environment, and to improve Motosla potential profit.

It works by looking at the strength of five important forces that affect competition:

- Supplier Power: the ability of suppliers to drive up the prices of your inputs.
- Buyer Power: the strength of your customers to drive down your prices.
- Competitive Rivalry: the strength of competition in the industry.
- The Threat of Substitution: the extent to which different products and services can be used in place of your own.
- The Threat of New Entry: the ease with which new competitors can enter the market if they see that you are making good profits (and then drive your prices down).

By thinking about how each force affects Motosla using SWOT, EFE and IEF done before, and by identifying its strength and direction, we can quickly assess Motosla position that can easily achieve its actual three main goals:

- GROWTH: by offering greater value to Motosla customers, Motosla has strong market shares in all its activities and geographies.
- INNOVATION: in smarter mobility solutions. Motosla will rely on sustained R&D investments and constant in percentage of sales. Innovation is also at the heart of

Motsla's entrepreneurial culture with for example already more than 6.500 patents issued and multiple key partnerships.

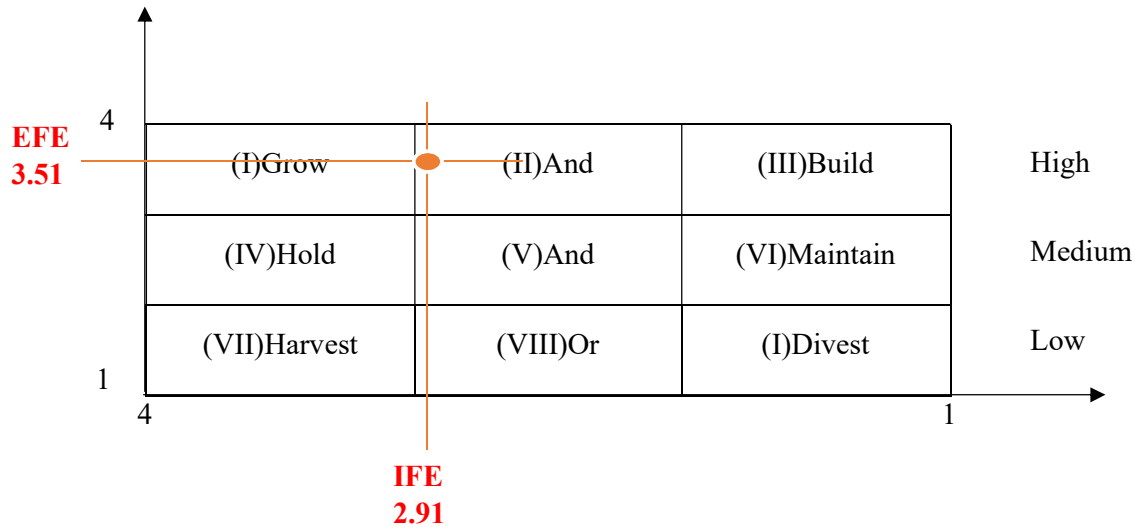
- EFFICIENCY: powered by digital. Motsla will capitalize on its worldwide presence and its industrial and engineering capacities in emerging markets, as well as on the gain in competitiveness of its new generation of products and services.

Also, the proposed vision given previously "Green Mobility" is more challenging to Motsla and gives strong Market-leading position in competition with Chinese leaders by implementing the following 3 goals:

- TRANSITION: support the transition to green mobility solutions that are accessible for all and to implement a sustainable business model.
- NEW TECHNOLOGIES: Focus on technologies for green traction, road electromobility, eco-design and manufacturing.
- COMPANY CULTURE: embed in Motsla the R&D and innovation to sustain the leadership and build a new one in green mobility.

8. Motsla Internal-External (IE) matrix

The Internal-External (IE) matrix is another strategic management tool used to analyze working conditions and strategic position of a business. The Internal External Matrix or short IE matrix is based on an analysis of internal and external business factors which are combined into one suggestive model.



The result of IE matrix suggests the grow and build strategy. This means intensive and aggressive tactical strategies. Motsla strategies should focus on market penetration, market development, and product development.

And this can be done by becoming number one or two on each of its market, lead in sustainable and smart mobility solutions, achieve a margin and free cash flow level among the best of its sector, and further improve its social and environmental impact.

9. Strategy Implementation and evaluation

Strategy implementation that Motsla can follow and ensure that its strategy and plan turn into actions in order to accomplish its objectives and goals can be achieved in 5 following steps:

1. Write a Strategic Plan Guide, the essence of that it gives a clear way about strategy implementation
2. Gather the leaders of the organization (founders, CEO, directors, etc) to agree on Motsla vision. This can be done in a workshop.
3. Define KPIs
4. Implement strategy reporting, the report needs to include not only an overview of how the strategy looks now, but how it's progressing over time.
5. Link performance to strategy

All strategies are subject to future modification because internal and external factors are constantly changing. In the strategy evaluation and control process managers determine whether the chosen strategy is achieving the organization's objectives. The fundamental strategy evaluation and control activities are in the following steps:

1. Reviewing internal and external factors that are the bases for current strategies,
2. Measuring performance by the defined KPIs during implementation
3. Taking corrective actions and adjust KPIs if necessary

10. Conclusion

In this study, Motsla is a marketer and developer of transport systems. The company offers a wide range of rolling stock such as tramways, metros, suburban and regional trains, high speed and very high-speed trains, locomotives and components. As Mobility became essential for both people and goods. Motsla must build strong strategy and take advantage of new technologies and new business models to make mobility sustainable, accessible to more people and integrated in a multimodal ecosystem for higher overall efficiency.

Motsla has strong market shares in all its activities and geographies and collaboration across public and private players, along with citizens, is more now than ever required to develop sustainable mobility by the people, for the people. Such collaboration requires long term global initiatives, such as the Paris Agreement, as well as local ones as there are no universal solutions.

Green and smart mobility, encouraged by customers and passengers' expectations, is leading to a transformation of the market. Motsla strategic plan should focus on a sustained growth, green and digital innovation, operational efficiency, and an agile, inclusive and responsible corporate culture.

Already recognized as an industrial reference in this domain, with the first hydrogen train and products like Hesop which recovers the energy generated by trains in braking mode, Motsla has confirmed its leadership.

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