



Icelandic Volcano Global Commerce

Case 01

ABSTRACT

This volcano has a funny name “Eyjafjallajökull” but its impact wasn’t so funny to global businesses, both large and small. When it erupted on April 14, 2010, the plume of volcanic ash that spread across thousands of miles disrupted air travel and global commerce for a number of days.

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Questions # 01:

Could a company even plan for this type of situation? If yes, how? If not, why not?

Answer:

Yes, the company can plan this kind of situation. Natural disasters are unpredictable and can happen at any time. However, in the face of a situation like this, they can arrange for a specific but flexible plan. Stock the products for such situations, etc. Planning reduces uncertainty by forcing managers to look ahead, anticipate change, look at the impact of change, and develop appropriate responses. While planning, eliminate uncertainty, manages the system so that they can respond effectively. How did the management prepare for this situation? By making a plan by analyzing the work environment as well, they should try to know anything that could slow down their work at any time.

Question # 02:

Would goals be useful in this type of situation? What types of goals might a manufacturing company like BMW have in such a situation? How about a global airline? How about a small flower grower in Kenya?

Answer:

Yes, setting goals will be important in a crisis situation. Objectives can provide management and staff with a way to get results and will also help them evaluate their performances. The kind of goals that all three firms may have are real goals, those goals that the organization actually sets out — it looks at what the members of the organization are doing. Their action defines their priorities.

BMW:

For BMW, they have to change their plans early because there is a definite signal from the volcano that will soon erupt. One of the strategy BMW should have is discussion management. They have to take decision that they should split their plants or they can stock the required products for such times so the company face less loss.

GLOBAL AIRLINES:

In international airlines they have to change course. Global airlines are in crises their top management should work on the strategic planning.

SMALL FLOWER GROWER:

With a small flower business in Kenya, they need to cover their flower garden with glass, it can protect the flowers from volcanic ash, or at least the flower can be covered with plastic. Their strategic goals should be more of individual level.

Question 3:

What types of plans could companies use in this type of situation? Explain why you think these plans would be important.

Answer:

Companies would use certain but flexible plans. Natural disasters are a critical situation that comes without prior warning so using a particular program seems to be the best solution. Managers can focus on a specific problem and aim to eliminate the problem. However, they also need to ensure that they are flexible and willing to change the system when needed. They should also need to make sure that the employees get their salary even in the time of such loss like they shouldn't fire the employees. They need to make sure of such plans that can reduce the loss and help company grow in the best way possible.

Question 4:

What lessons about planning can managers learn from this crisis?

Answer:

A crisis in business can occur at any time and management needs to be aware of it. In this problem, managers can learn that no matter how strong the plan is, they can still change the system according to the situation. So the managers should always be ready to face such sudden problems. They have to be prepared for such crises with plans to avoid company loss. Like they can stock the products they need for such times. They can provide more than enough product in those regions where they have a greater selling ratio so the consumers don't get to face the problem.

