**Report on Polaris Industries**

Table of Contents

[1.0 Introduction 3](#_Toc133006360)

[2.0 Essential background to the company 3](#_Toc133006361)

[3.0 Evaluating three possible international strategic approaches 3](#_Toc133006362)

[3.1 Multi-domestic 3](#_Toc133006363)

[3.2 Global 4](#_Toc133006364)

[3.3 Transnational 4](#_Toc133006365)

[3.4 Chosen internationalisation strategy for Polaris 4](#_Toc133006366)

[4.0 Cultural web analysis of Polaris for asserting influential aspects critical to strategic choices 5](#_Toc133006367)

[4.1 Cultural web model 5](#_Toc133006368)

[4.2 Cultural link to Polaris Strategy 7](#_Toc133006369)

[5.0 Recommendations 8](#_Toc133006370)

[6.0 Conclusion 9](#_Toc133006371)

[References 10](#_Toc133006372)

# 1.0 Introduction

This report analyses the potential international strategic approaches for Polaris Industries, or Polaris as it will be referred to throughout the report. It also analyses the influence of company culture on critical strategic choices of the company, relative to its case study. Through the internationalisation approaches, the report will analyse multi-domestic, global and transnational modes of market entry for Polaris. The link between organisational culture and the strategic intent towards developing an international market presence will be discussed through this analysis of Polaris.

# 2.0 Essential Background to the Company

Polaris was established in Minnesota, United States, from which it has grown as a manufacturer of all-terrain vehicles, motorcycles and snowmobiles. From a cultural perspective, Polaris is proactive in incorporating the diversity of experiences and workplace contributions. The company has therefore focused on developing its culture to encourage innovation and growth through internal contributions made by a diverse and collaborative workforce (Polaris, 2023). Polaris services global markets and is known for its Victory and Indian range of motorcycles, with manufacturing and assembly being performed in Wisconsin and Minnesota respectively (Polaris, 2023). This preserves a local supply chain network that is resilient against global disruptions, which directly increases the company's exporting capabilities.

# 3.0 Evaluating three possible international strategic approaches

## 3.1 Multi-domestic

Under the multi-domestic approach, the parent firm establishes different subsidiaries or brands that are allowed to compete independently in various domestic markets (Allred & Swan, 2004). The headquarters of the firm, such as Minnesota for Polaris, centralise research and development as well as component manufacturing practices. The subsidiaries aim to capitalise on growth opportunities in the market for the contribution of earnings and growth to the overall company. Therefore, the headquarters will coordinate financial and marketing strategies with the multi-domestic subsidiaries to achieve this common aim of growth and earnings progression.

The advantage of this international strategy is that it allows the company to act responsively to changes in a domestic market, where its coordination with the subsidiary allows it to make changes to align with dynamic local preferences. It presents a challenge of higher costs which are incurred in developing unique brands for various global domestic markets, representing a need to invest significantly to maintain market share over the long term against other rivals in the market.

## 3.2 Global

A global strategy of internationalisation follows a more linear strategic direction compared to the multi-domestic approach (Allred & Swan, 2004). The organisation approaches all foreign domestic markets as one unified market, thereby allowing for very few local variations in product design across global markets. In comparison to the multi-domestic approach, this strategy offers less local responsiveness, as this is a trade-off that allows global strategy to deliver a higher standard of quality and efficiency in the supply chain systems of the product. Therefore, the linear strategy relies on driving economies of scale through unwavering production systems that manufacture the same product for sale across global markets.

## 3.3 Transnational

A transnational strategy of internationalisation combines the market entry strategies of global and multi-domestic approaches (Allred & Swan, 2004). The global business performance of the company cooperates across the headquarters, divisions, subsidiaries and other outlets in the structure. This offers the centralisation benefits of global strategies, as downstream decision-making occurs from the headquarters directly. It offers the advantage of market responsiveness to local market changes, which is characteristic of multi-domestic approaches. It retains quality control and efficiency of the product manufacturing while being agile to respond to any changes in the customer's needs. The transnational strategy is therefore a more suitable mode of international market entry for multinational companies that seek to retain control over their operations while being flexible towards capitalising on any consumer changes.

## 3.4 Chosen internationalisation strategy for Polaris

From the case study on Polaris, it is evident that the company has grown its market presence through acquisition methods, such as acquiring the Indian Motorcycle brand in 2011 (Business Wire, 2011). It also produces the Victory brand of motorcycles, and therefore the company has different brands of motorcycles within its portfolio.

This is in addition to other products such as snowmobiles that are only marketable to certain territories with the appropriate terrain and weather for operating snowmobiles. This diverse portfolio of products requires market optimisation and responsiveness while retaining quality control standardisation to ensure all consumers enjoy the same level of satisfaction from purchasing Polaris products. Therefore, in consideration of these facts, the transnational strategy of internationalisation is recommended for Polaris to expand its global market operations. This strategy is also used by other real-world vehicle manufacturers, thereby presenting practical evidence of its applicability for the instance of Polaris as well. This approach will serve the needs of the company in foreign markets such as the UK, where a similar level of technological, logistics and human resources specialists can be found in the US. This ensures the transnational network of Polaris in the UK will be compatible with their counterparts in the US, ensuring optimal international market operations.

# 4.0 Cultural web analysis of Polaris for asserting influential aspects critical to strategic choices

## 4.1 Cultural web model

**Stories**

The stories in this context refer to the company's historical events and figures that are discussed in the company's context internally and externally. The choice of events and figures reflects accordingly on the values and aspirations of the company. From the case study on Polaris, the stories of the firm are presented in acute detail. Operations began in 1954 with the production of the first snowmobile at the company and led to a diversified portfolio of products such as the Victory motorcycles in 1998 (Hitt et al., 2016). This was celebrated by Victory Motorcycles, then a separate subsidiary of Polaris, in 2009 to mark the first decade of being operational in the motorcycle industry (Hitt et al., 2016). Such instances confirm that positive milestones are celebrated within the company as reminders of business continuity, growth and prospects.

**Rituals and routines**

This relates to the daily behavioural aspects of employees that are considered acceptable standards of behaviour in the internal environment. The internal environment promotes innovation, research and development among the employees. Constant improvement is a philosophy that is followed at Polaris, with internal representatives maintaining market awareness to respond to market conditions over time. This focused approach led Polaris to identify the appropriate way of entering the motorcycle industry business through Victory motorcycles and its heavy-duty cruiser design that aligns with American motorcycle culture (Austin et al., 2010). This routine vigilance of market conditions and opportunities further created strategically sound outcomes for Polaris, as evidenced by its timely acquisition of the Indian Motorcycle brand in 2011 (Hitt et al., 2016).

**Symbols**

Symbols are reflective of the visual representation of the company's identity, such as iconography in the company logo, the aesthetic design of the physical internal environment and other visual aspects. This begins with the company's logo itself, with a white diamond enclosed in a blue oval with a silver rim. The tagline of the company is 'Think Outside' which simultaneously alludes to the outdoor recreational activities that are engaged with the company's products like snowmobiles and motorcycles (Hitt et al., 2016). At the same time, it promotes the American motorcycle culture elements such as road trips, individualism and adventure. This is evidenced by the case study where the press statement after acquiring Indian Motorcycles saw the company be described as "a quintessentially American" brand (Hitt et al., 2016). Similarly, the name for the Victory brand was determined for the simple reason of "V for Victory" which reflected the post-World War II victory of the Americans (Hitt et al., 2016). The symbols of branding were therefore grounded in American heritage and history, representing a strategically correct approach to marketing motorcycle products (Austin et al., 2010).

**Organisational structure**

This defines both the structure of delegation of authority from the top down as well as shared assumptions on power, influence and other internal politics. Decision-making is consolidated through the Chief Executive Officer, determined as by Scott Wine in the case study on Polaris (Hitt et al., 2016). Different departments such as engineering were integrated with the company's internal functions as a whole, creating greater collaboration which is a key determinant of innovation and growth at the company. Through research and development, product design and manufacturing were aligned with ensuring that customer-centric market performance could be achieved. A largely horizontal structure is identified from the case study on Polaris, with shorter vertical distance across departments and leaders. For instance, the CEO makes decisions that flow downstream across an entirely horizontal distribution of regional directors like McDoughtery for Asia-Pacific and Latin America and HR leaders like Williams (Hitt et al., 2016). This creates a decentralised organisational structure that promotes more autonomy in decision-making and creates a clear chain of command for employees to identify.

**Control systems**

This dimension relates to the methods of expressing control within the organisation, such as the remuneration system for employees and quality systems for manufacturing standards. This is reflected foremost in the mission statement of the company, which states that making great products is "a way of life" for the employees, as they are also motorcycle enthusiasts who understand customer requirements (Hitt et al., 2016). Quality control is therefore developed from a customer-centric perspective as the employees would understand points of improvement and changes needed to design high-quality motorcycles that would consequently be successful in the market. The company also has shared values it requires employees to express through their behaviour and conduct, such as customer focus and integrity. The alignment of these company values with employee behaviour is benchmarked through the Polaris Performance Management Programme, where employees are evaluated based on their following of the company values as well as their results-based performance (Hitt et al., 2016). This creates a holistic approach to performance management that incorporates employee alignment with corporate values as a performance benchmark that determines the expression of those values across the organisation’s behaviour and performance as a whole.

**Power structures**

This determines the concentration of internal power and subsequent influence that is present in the company’s C-suite executives. The aforementioned horizontal structure of the organisation leads to the decentralisation of power in decision-making. A competitive culture is fostered within the firm through its aggressive sales goals and challenges to employees, which creates certain issues such as employees being more focused on achieving sales targets over sustainable growth.

## 4.2 Cultural Link to Polaris Strategy

From this cultural analysis of the company, positives and downsides are equally noted. The production focus is among the key positives at Polaris, as the employees are directly associated with the motorcycle culture. This allows them to design and manufacture high-quality motorcycles within the Victory and Indian brands that will satisfy motorcycle enthusiasts and reinforce the brand image in the consumer's consciousness.

However, shortcomings are noted such as a competitive culture that relies on office politics over the healthy, meritocratic competition to secure promotion among the employees. This is not a sustainable approach to long-term business performance as it will undermine employee well-being as well as cause workforce attrition. These will be further discussed below in the recommendations to justify a case for investing in Polaris.

# 5.0 Recommendations

Firstly, the international strategy and culture present positive reasons for investing in Polaris. The company managed to grow steadily through strategic market choices resulting in diversified success across product segments such as snowmobiles and motorcycles. The Fortune 500 listing of Polaris is a testament to the positive market performance that Polaris has sustained.

Secondly, there are challenges associated with Polaris that must be addressed. For instance, the company culture offers a more informal environment for employees that are driven by the horizontal structure of Polaris (Hitt et al., 2016). This reduces the power distance between executives and employees and also creates opportunities for internal politics to develop. The case study has noted how turnover occurs in the company due to the high level of office politics that sees individuals chase promotion opportunities at the expense of others. Therefore, the structure needs to change to address this development as fixating on sales and being always available reduces the work-life balance of the employees, which can cause burnout, reduced performance and turnover intention.

Thirdly, the case study notes that Polaris has a limited sales percentage from foreign markets. With 16% of sales coming from international markets, its multinational performance of Polaris appears limited in comparison to its stronger domestic performance (Hitt et al., 2016). The international market share must be expanded to position Polaris as a sustainably multinational company with a stable global market presence.

Lastly, Polaris needs to improve its customer service engagement strategy as the horizontal structure; informal culture and office politics creates a weaker response to customer grievances (Hitt et al., 2016). The customer-centric approach to designing motorcycles must be extended to actual customer service engagement to address this problem. A more vertical structure will also develop rules and delegate roles to employees, ensuring that different departmental functioning is created to synergise the performance of marketing, sales, customer service and employee engagement through HR as well. These developments can increase the market performance of Polaris and make it more attractive for long-term investment.

# 6.0 Conclusion

The report on Polaris Industries determines that the company has strong fundamentals such as a mission statement, production design philosophy and portfolio of high-performance brands like Victory and Indian Motorcycles. The market growth and earnings from these can be increased by addressing the identified issues such as a horizontal structure that promotes unhealthy internal politics and induces stress-related turnover among the employees. Developing a more stratified structure will ease the stress on employees by creating more delegation of workplace roles, which simultaneously addresses the issue of politics and poor customer engagement as well.

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