

Managing the Organization

CA2- Harley-Davidson Case Study

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1.Key attributes of Harley-Davidson

Harley Davidson is established in 1903 by the two people, Walter Davidson and William Harley. By 1907 they register a company with the one employee and sale of 50 motorcycles. Harley Davidson stand still in the market with good profit after facing several falls in the market.

In the year 1918 Harley Davidson produce 28,000 motorbikes and become the leading motorcycle manufacturer in the world. During 1920, (Nolan and kotha, 2007) Harley Davidson capitalizes their fund in research and Development (R&D) with some innovations like V-Twin design and Four Cylinder engine. Sales of the organization were declined after the world war ii, experienced a shortage of parts from the European market. In early history, Harley Davidson set up a picture and brought several new innovations in the representation like “Raw Power” which turn into a significant offering point for the organization. The V-twin engine was one of the best features of Harley motorcycle due to its design, two cylinders are placed opposite to each other exactly at 45-degree angle. It gives more power and effectiveness to the bike. By 1930, Harley comes up with new color and new design in the market with a new structure for marketing called “Image and lifestyle”. The Motorcycles were promoted in magazines like the "biker magazine". The motorcycles were utilized by some Hollywood performing artists, the military, police officers. Harley motorbiker was related to the American national image. late 1950s Young “Elvis type” use their Harley Davidson bike to attract dates, after that Japanese enter the US advertise, in 1959 Japanese organization HONDA revealed the huge Untapped client

base of “Older males and younger females”. To capture the market, they follow the “family-oriented approach” to sell their bikes. Honda manufactures minimum-cost little or not at all maintenance bike. By 1965, selling of Honda bike is increased in the United States. Socioeconomic graph of United States has totally changed after Japanese producer enters the market.

The Demand of Honda’s motorbike is rapidly increased in late 1960 and in early 1970. 80% of bike consumer in the mid-1960s were to first-time purchasers. motorcycle contract extended by 33% between the years 1963 and 1973. Even after sharp fall in market share, Harley turned into “niche player”. In 1965 Harley went public sector after 60 years of private possession, but not able to earn adequate amount so Harley starts facing many problems.

Within few days after went into public sector Harley is friendly reserved for a well-known company named as AMF to solve issues which Harley is facing. AMF attempt to add some new component to catch the market yet by 1980 company’s share fell down by 80%.

After 1980, (Nolan and kotha, 2007) Harley Davidson begins rolling out an improvement in their structure and making an examination with the Japanese organization to enhance the standard of Harley bicycles by "Benchmarking Japanese" innovation, “Efficiency triad” etc. These progressions and new R&D had an effect on Harley Davidson ability, which improves their productivity by 50 % as well as work-in-process load is reduced by 75%.

Porter’s Five forces: In 1979 Michael porter invent (Porter (2008)) Five forces by which organization can analyze and estimate other organization’s strong points and weak points. Porter’s five include

1 Trader authority:

Harley Davidson has a low connection with the traders.

Some parts of motorbikes are imported from other parts of the country and then assemble the bike in the company.

2 Consumer influences:

Harley bikes are made for specific types of consumer.

3 Opposition:

The main competitor of Harley Davidson was Japanese motorcycle manufacturer in the American market.

Every Opposition has the plan to be successful in the market.

4 Alternates:

People try to buy a low maintenance bike with low cost. Harley's motorcycles are expensive and people those who buy motorcycle they are crazy for bikes.

5 New Industries:

It takes an enormous amount of assets to start a group.

Some brands which already exist in the market to make competition with them is very difficult task for small groups.

To attract people towards group, lot of new ideas must be required

2. Change, Transformation in Harley Davidson Industry

Arthur and Walter Davidson started Harley Davidson in 1903 and sold 50 motorcycles. In 1907 they have register company with one full-time employee. 1918 Harley Davidson produces 28,000 motorbikes and become a huge organization in the world. In the year 1920, Harley Davidson invests money in research and development, but after the world war 2 shares of the organization falls down and experienced a shortage of parts from the European market. After the fall in the market shares, it is taken over by AMF's CEO. The CEO of organization realized Craze of the motorcycle, just that company need to full fill

the necessity. In 1973 Harley maximize the production of a motorbike. Due to some reason, the demand for motorbike is dropped and the market share fell down more than 80%. In 1980, the change of Harley Davidson began, So they are looking for the buyers to buy an Organization. The administration group understands that assembling of Harley Davidson should be changed Using Some strategies.

Change in stock storage: (Nolan and kotha, 2007) The organization management team visit to Honda's plant which is located in Ohio. After the visit, they realized that they need to change the stock storing method and improve the quality of the product,By removing the computerized stock system which had the cost of \$2 million, It takes two miles to move stock from storage to production. In Hond plant, Stock is controlled by Just-In-time (JIT) program which is very effective and less expensive compared to Harley's program.This made organization management team to start a new program called as Material-as-needed(MAN), Which is similar to Honda's just in time system.This system helps Harley Davidson to improve their productivity by 50%, Work in process and scrap/rework reduced by 75% and 68% respectively, where International revenue is increased by 1.7 times.

Choice making procedure: This method includes 3 stages.

participation of workers: workers take part in choice making to advance the superiority of motorbikes.For instance workers ,extra workshops been held to learn new things and skill make better decisions.

Use of Harley's material-as-needed (MAN) program: Material As Needed(MAN) (Nolan and kotha, 2007) resembles Honda's Just in time program. Free up the necessary money by reducing the Work-In-Process stock, reducing the stock levels would make the quality issues more clear. For instance, Harley remove the computerised system of cost \$2 million and they use those funds for workers.

Statistical Operator Control (SOC): Workers were instructed, how quality issues created and how to trace the issue and solve it in the creation process. Harley's administration trusted that upgraded procedure will bring the enhancement in the quality

of motorcycle. In 1983 Harley-Davidson looked for tax security from the U.S. government and it is allowed for the five years by US president Ronald Reagan.

Organizational Transformation: Harley Davidson converts from Informal association to Formal association by stressing individual learning and administrative at all level through a program named the leadership institute. The CEO of the organization, Eliminate the irrelevant position to make an innovative structure for the association. They have improved the pay-system for workers to get more incentives as well as rewards.

Harley Formed a new group "Harley Davidson Owner Group (HOG)" for the owner, which inspire to actively participate in motorcycling. Before the end 2004, enrollment of this gathering is expanded to 900,000 in correlation with Honda which just had 75,000 followers. even in young ladies, the fad of motorcycling is extended by forming assembly "The Ladies of Harley".

These Changes and Transformation made by Harley Davidson to get once again into the market.

3. Leadership Skills

Harley Davidson has informal association initially after changing from informal to the formal association, they again come in a race with the other motorbike manufacturing company.

First, they need to know the market situation according to market situation making changes in the organization would be profitable. For instance, when in 1950 Japanese motorbike producing company entered into US market they initially recognize the market circumstances. Accordingly, they made the changes in selling and manufacturing of bike even though they don't have any computerised system to handle the organization. The second owner spend lot of money on computerised system for management of stock storage system instead of that he could remove that system, man power can be used to maintain the system which would save lot of capital, as a senior positioned person in the Harley, would realize the exact market requirement and then make a proposal so that it

will make more profit to the organization. Understanding the requirement of the customer is very basic need of any organization and full fill them. When Honda launch their bike, they first launch lightweight and low maintenance so customer easily gets attracted towards such bike. While early produce heavyweight bike so people avoid buying a heavy bike which has more maintenance cost .

Second, When there is a large number of people with the different age group so age factor needs to be taken into consideration. For instance, when Honda Launch its first motorcycle in the US market they first launch sports bike, younger generation of age 25 to 34 prefer to buy such kind of bikes instead of buying heavy bikes. Harley's motorcycle was exceptionally costly for people so they couldn't bear to buy such Motorcycles. The Cost of Harley motorcycle is increased due to heavy metal use by organization instead of using heavy metal like chrome, management team can use carbon fiber and then make coating of chrome might reduce the bike cost. With the new innovations ,Producing lower cc bikes, increase the market and youth will show enthusiasm to purchase Harley's bike. For instance Honda produce a "Goldwing" 1000 cc bike which is very attractive but cost wise bike was affordable for consumer and maintainance of that bike was low as compared to Harley's bike. Harley could produce low cc bikes so that they can compete with the Japanese organization. 1000-CC bike of harley was very heavy and very costly that is why younger people not get attracted toward Harley bikes. If harley produce lower CC bikes youger generation can afford the bike.

Third,(Smith, Scott. 2017) Harley has group of Owners, "Harley-Davidson Owner Group" (HOG) which protomes or encourage for motorcycling also for young ladies harley has the group "The Ladies of Harley", is also encourage younger women to take part in motorcycling competetion which is the good part for organization. They have to promote this thing all over the world so that many people can join such group to increase the publicity of Harley Dvidson.

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