

Analysis of Rolls Royce

Name

Instructor

Institution

Location

Date of Submission

Table of Contents

- 1 Introduction .....3
- 2 Overview of Rolls Royce .....4
- 3 Evaluation of Rolls Royce’s Operations Strategy .....4
  - 3.1 How the Business Strategy or Rolls Royce relates to its Operations Strategy.....5
  - 3.2 Implementation, Support, and Driving Business Strategy by Rolls Royce .....5
  - 3.3 Assessment of the Elements of Operation Strategy of Rolls Royce .....7
- 4 Model Employed by Rolls Royce in the Development of New Vehicles .....8
- 5 Rolls Royce’s Approaches for Quality Improvement.....10
  - 5.1 Lean Management.....11
  - 5.2 Total Quality Management.....11
  - 5.3 Benchmarking.....11
  - 5.4 Six Sigma .....12
- 6 Benchmarking and Balanced Scorecard.....12
- 7 Conclusion.....13
- References .....14

## 1 Introduction

The complexity of managing an organization in this time and age regardless of the nature of the organization cannot be underestimated. The complex nature of organization management is linked to the fact that there are various aspects of management and this include the aims of the organization, individual perspectives, societal interests, political alternatives, organizational arrangements and the overall values. Kloot and Martin (2000) offers advice on the need to ensure that regardless of the challenges involved, the views and desires of different stakeholders are put into consideration. In order to achieve this successfully, it is necessary for an organization and its management to embrace strategic management as this management concept plays a critical role in enhancing effectiveness in the organization. Khalifa (2008) describes strategic management as a process by which the management of an organization establishes direction of an organization in the long run, outlines the objectives required for specific performance, ensures formulation of key strategies, and eventually enhances the effective execution of the action plans laid down. The main focus of this paper is to provide an evaluation of the operations undertaken by Rolls Royce in line with strategic management as a means of ensuring that the company implements the objectives and succeeds in business operations. In order to sufficiently attain this, there is a need to provide an overview of Rolls Royce as the company of interest in this particular case. In this case, it will be necessary to provide a critical evaluation of Rolls Royce's ability to implement, support and drive their business strategy. This requires the establishing the relationship between the business strategy of Rolls Royce and operations strategy. A critical evaluation of the elements of the operations strategy employed by Rolls Royce is necessary with respect to an appropriate analytical framework as the company seeks to achieve the set strategic objectives. In addition to examining the approaches that Rolls-Royce is taking towards quality improvement,

there will be a need to describe a suitable model of the process and design process and an explanation of how it can be used to evaluate their approach in designing and developing new cars. Lastly, there is a need to present a discussion on how a balanced score card and benchmarking can be used in assessing the performance of the organization's operations while identifying how the two link up.

## 2 Overview of Rolls Royce

Having laid a foundation of the analysis or evaluation of the organization, there is a need to provide an overview of Rolls Royce. Rolls Royce refers to a United Kingdom-based luxury care manufacture that is recognized at a global level for its manufacturing of high-end cars and aero engines. One of the factors that enhance the popularity of Rolls Royce is the ability to manufacture cars in accordance to their clients' taste and preferences. With inception in March 1906, Rolls Royce was a result of a partnership between Sir Frederick Henry Royce and Charles Stewart Rolls. In addition to having a reputation as the best producing Car Company globally, Rolls Royce has maintained a high reputation for their ability to develop quality engines that perform highly. Given the increase in the cost of producing advanced jet engines, Rolls Royce made a decision to go national in 1971 and by the year 1973, there was a division when the Rolls Royce separated from Rolls Royce Motors which was the parent company. While it operated as a nationalized company all along, Rolls Royce was then privatized in the year 1987 (Rolls Royce, 2015).

## 3 Evaluation of Rolls Royce's Operations Strategy

As observed by Johnson, Scholes, and Whittington (2008), one of the factors that enhance an organization's strategic ability is the availability of resources and the competencies associated

with the organization. In addition to this, Slack, Chambers and Johnson (2007) point out that an operation strategy assists in ensuring that an organization makes wise use of their resources as a means of achieving the set business objectives. In this case, another key area of concern with regard to Rolls Royce is the ability of the company to use its operations strategy as a means of implementing, supporting, and driving business strategy. In this case, it will be necessary to establish the connection between the business strategy of Rolls Royce and its operations strategy. There will also be a need to assess the ability of the management of the organization in implementing, supporting, and driving the business strategy. Lastly, it will also be essential to conduct an assessment of the elements of Rolls Royce operation strategy and the role that they play in assisting to achieve business strategy.

### 3.1 How the Business Strategy of Rolls Royce relates to its Operations Strategy

One of the key areas of exploration when analysing Rolls Royce is that on the relationship between the organization's business strategy and the operations strategy. In a review of the organization, it is clearly evident that there is a strong relationship between the company's operations and business strategy. The proof of this is in Rolls Royce's ability to operate effectively and remain as a leader in the car manufacturing industry. As evident in Rolls Royce (2015), the organization is in a position to meet the needs of their clients and provide what most refer to as the finest products. In addition to this, Rolls Royce also ensures that it employs people that possess the right skills to enhance their business operations. In this case, it is clearly evident that Rolls Royce's business strategy is one that relates strongly with their operation strategy.

### 3.2 Implementation, Support, and Driving Business Strategy by Rolls Royce

There is a need to examine the ability of Rolls Royce's operation management in the process of implementing, supporting, and driving business strategy. With regard to the role of resources in

an organization's success, Rolls Royce is required to have a management that understand the need to implement, support and drive their business operations. One of the ways in which Rolls Royce manages to lead in the industry successfully is by ensuring that they recruit the best employees with the right skills for the job. In addition to having the correct set of skills, Rolls Royce also ensures that they design the finest products that will suit the needs of their clients. Hitt, Ireland, and Hoskisson (2007) argue that it takes an organization's operation strategy to ensure that the organization attains effectiveness with the need to ensure that clients are certain that they are getting the best products or services. In support of the strong link between operation and business strategies, Figure 1 below indicates that operation management plays a key role in enhancing the company's competence to implement, support, and drive the strategy of the business.

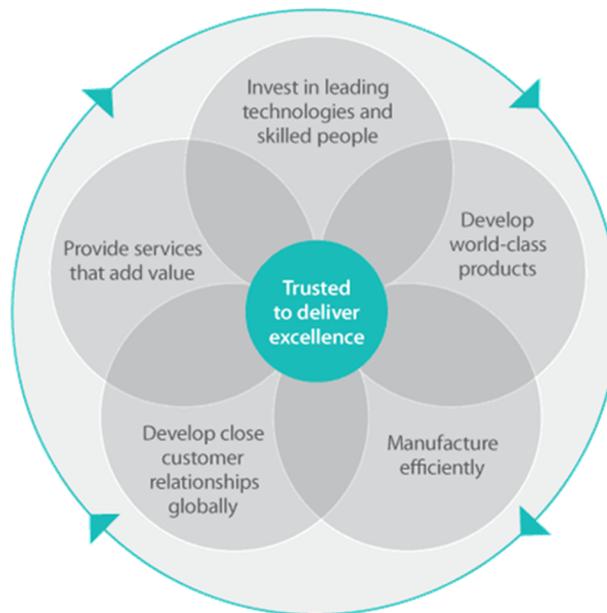


Figure 1: Rolls Royce business model (Retrieved From: Rolls Royce, 2015)

Another key factor to observe with regard to Rolls Royce's ability to implement, support, and drive the business strategy is the need to have different forms of competitive advantages. This is

necessary as it ensures that an organization like Rolls Royce competes effectively with other companies in the industry (Kaplan and Norton, 2013).

### 3.3 Assessment of the Elements of Operation Strategy of Rolls Royce

While assessing elements of operations employed by Rolls Royce, it is necessary to point out that their business strategy is one that seeks to ensure that the products manufactured are the finest in the market. According to Tan and Mathews (2009), some of the central aspects to examine with regard to operations strategy include the service facilities, product, factories, design and development of product or service, process development, technological selection, facility planning, and the allocation of resources among other factors. One of the models that one can use with regard to assessing the elements of operations strategy of the Rolls Royce Company is the Hayes and Wheelwright Model. Given the fact that it has four phases, the Hayes and Wheelwright model is essential in enhancing the investigation of how operations strategy has impacted the business strategy of an organization. As mentioned earlier, the six elements to consider include focus of factories and service facilities, product focus, technological selection and process development, service or product design development, facility planning, and allocation of resources to strategic alternatives (Tan and Mathews, 2009). When evaluated closely, the above aspects assist in explaining how an organization has sufficient elements of operations strategy which in turn enhances the organization's effectiveness. With regard to Rolls Royce, one of the elements to consider is that of product focus, and research findings reveal that the company has put much focus on spending its resources on the final product that meets the needs of their clients. As for technological selection and process development, Rolls Royce ensures that they embrace innovation as part of their strategy. The production facilities as an

element on the other hand has Rolls Royce operating from various production points with emphasis in effective and efficient production.

#### 4 Model Employed by Rolls Royce in the Development of New Vehicles

In order to enhance efficiency and effectiveness in their business operations, organizations like Rolls Royce embark on using different models for the design processes. One of the key factors to point out that Rolls Royce has a reputation for working with top designers when designing and developing new cars. In this case, they end up with the best product in the market as they leave nothing to chance. This is in addition to the fact that Rolls Royce offers their clients an additional favour by customizing their cars according to the specifications that mark the taste and preferences of the clients. In relation to the process of designing, there is a need to point out that the process of customization leads to some delay in the delivery of the final product thus making the model adopted by Rolls Royce interactive in nature.

Glushko (2008) identifies various models that may be used for the design process, and these include iterative model, agile model, spiral model, waterfall or sequential model, interaction model, and the funnel model. As observed by Allanwood and Beare (2014), one of the most commonly used designs in organizations is the interactive model, one that consists of six phases. One of the factors that make the interactive model popular among organizations is the fact that it is able to investigate the production process with the goal of delivering high quality products. In addition to this, the ability to constantly interact during the production process means that there is less conflict in the design process. In order to ensure that the final product that gets to the

client is appealing and of high quality, it is necessary to ensure that an organization like Rolls Royce follows the six phases.

Having identified the interactive design model as the model of choice for Rolls Royce, it is necessary to describe the various phases that have to be put into consideration. Phase one of the interactive design models is that which is concerned with conducting a research to determine the actual needs of the customers. Following the research, phase two involves the development of the conceptual design while considering the needs of the consumers with regard to the design selected. In this particular case, it is necessary for Rolls Royce among other companies to ensure that they develop a product that appeals to the target market. The third phase of the interactive design model is one that involves the process of developing alternative designs that may assist in the problem-solving stage that may arise in relation to the previously selected design. Phase four involves the development of a prototype with various features that will assist in testing the prototype in an assessment to ensure that the final product manufacture will contain all the desired aspects. The fifth stage of the interactive design model is one that involves the implementation of the design in order to ensure that any challenge that arises is addressed appropriately. The final stage that a company like Rolls Royce needs to embrace is that which ensures that the final product is tested so as to ensure that the product functions efficiently and possesses all the required features. From the above phases as described by Allanwood and Beare (2014), the interactive design model is one that involves continuous communication and feedback, an essential part of ensuring that conflict is minimized or eliminated altogether.

Having assessed the interactive design model as one that is used by Rolls Royce Company, it is clearly evident that the needs of the consumers are sufficiently addressed. This is evident in the

fact that clients are in a position to get cars that are custom-made for them leaving the unique. As Rolls Royce puts it, “You don’t just purchase a Rolls-Royce, you commission it. A motor car that is yours, and yours alone. Every Rolls-Royce that leaves Good wood is unique to its owner. Our configurator lets you begin the Bespoke design process. Take your inspiration from anywhere, then bring your vision to life” (Rolls Royce Motor Cars, 2015). With regard to how appropriate the model of design used is, the one employed by Rolls Royce can be said to have met the appropriateness measure as the company has remained in the lead with consumers opting to buy their customized cars from the company. This, therefore, makes the interactive design model as an appropriate and ideal model for Rolls Royce.

## 5 Rolls Royce’s Approaches for Quality Improvement

According to Kotler (2011), one of the ways that an organization can ensure that the customer settle for their products is by ensuring that the quality of goods and services provided suit the needs of their target consumers. For this reason, it is necessary for an organization like Rolls Royce to seek constant improvement with regard to the quality of their products in order to enhance their levels of productivity. Jobber (2009) further expounds that clients express much concern with regard to the quality of a product before making a purchasing decision. In this case, organizations seeking to enhance their levels of effectiveness seek some approaches to embrace as a means of ensuring that they remain effective. With regard to Rolls Royce, it is necessary to examine some of the approaches that they embrace in search of quality improvement. These approaches include lean management, total quality management, bench-marking, and Six Sigma.

### 5.1 Lean Management

Among the approaches applied by Rolls Royce in enhancing the quality of their products is that of lean management. This particular approach of lean management is one that ensures that their production process takes into consideration the idea of continuous improvement. In this case, the organization keeps making incremental changes in their production process even as they ensure that they offer quality products in a competent manner (Holweg, 2007). One of the factors that have enhanced the success of Rolls Royce is their adoption of the lean management approach over the years.

### 5.2 Total Quality Management

Total Quality Management is yet another approach employed by Rolls Royce in search of enhancing the quality of their products. This approach can be described as that which allows the organization to seek suggestions and feedback from their stakeholders while constantly improving on their products through modification. With regard to Rolls Royce, it is clearly evident that they value the opinions and views of their clients as a means of enhancing the final product. As pointed out by Sallis (2014), one of the examples of companies that have fully embraced the concept of Total Quality Management is Rolls Royce, an organization whose aim is to keep improving the quality of their products.

### 5.3 Benchmarking

Another quality adopted by Rolls Royce is that of benchmarking, an approach that involves the comparison of an organization's processes and practice with those of another organization. In as much as Rolls Royce ranks at the top among other companies in the industry, benchmarking allows the company to embrace the practices and processes that are best suited to enhance efficiency and effectiveness in the organization.

#### 5.4 Six Sigma

Among the approaches employed by Rolls Royce is that of the Six Sigma, one that Slack, Chambers, and Johnson (2007), observes is useful for the reduction of costs by minimizing waste and defects in the process of production. In this particular case, an organization like Rolls Royce ensure that they avoid any defects right from the process of manufacturing all the way to the production of the final product.

#### 6 Benchmarking and Balanced Scorecard

Another key area of exploration is that which examines the relationship between benchmarking and balanced scorecard, as well as, how the two can be used to assess the performance of Rolls Royce. Benchmarking can be described as that which involves the process of comparing the practices and processes of a particular organization with those of another. Balanced Scorecard on the other hand is that which involves the process of aligning an organization's activities with their strategy and vision. With reference to Rolls Royce, the use of a Balanced Scorecard would assist in assessing the performance of the company by ensuring that the practices involved matches the strategies and vision of the company. As for benchmarking, Rolls Royce can enhance its business operations by comparing the practices and processes of the best performing organizations.

With regard to the linkage between benchmarking and balanced scorecard with relation to Rolls Royce, the two can be said to be connected as the management of the organization uses them frequently as a means of measuring the efficiency and effectiveness of the organization. Both the balanced scorecard and benchmarking serve as key performance indicators in ensuring that not

only are the required products offered to clients, but that the needs of various stakeholders are also met.

## 7 Conclusion

From the above analysis, it is clearly evident that one of the factors that have enhanced the successful operations of Rolls Royce is the fact that they have embraced strategic management. In addition to this, the company has gone an extra mile in employing the use of lean management, total quality management, benchmarking, among others as a means of enhancing the quality of their products. Even though it is obvious that the company's position in the market is not in any way threatened, it is suggested that in order for the company to enhance its competitiveness, the company should consider benchmarking its practices and processes with the practices and processes of other leading organizations that it does not necessarily compete with.

## References

- Allanwood, G., & Beare, P. (2014). Basics Interactive Design: User Experience Design: Creating Designs Users really Love. London: Bloomsbury.
- Glushko, B. (2008). Models of the design process. Retrieved from: <http://courses.ischool.berkeley.edu/i290-1/f08/lectures/ISSD-20080917.pdf>
- Hitt, M., Ireland, D., & Hoskisson, R. (2007). Strategic Management: Concepts and Cases. Mason, Ohio: Cengage Learning.
- Holweg, M. (2007). The Genealogy of Lean Production. Journal of Operations Management, 25(2), pp. 420–437.
- Jobber, D. (2009). Principles and Practice of Marketing, (6th Ed). New York: McGraw Hill.
- Johnson, G., Scholes, K., Whittington, R. (2008). Exploring Corporate Strategy (8th Ed). Harlow: Pearson Education Limited.
- Kaplan, R. S., Norton, D. P., (1996). Using the Balanced Scorecard as a Strategic Management System. Harvard Business Review, 74(1).
- Khalifa, A. (2008). The “strategy frame” and the Four E’s of Strategy Drivers. Management Decision, 46(6), pp. 894–917.
- Klout, L., & Martin, J. (2000). Strategic Performance Management: a Balanced Approach to Performance Management Issues in Local Government. Management Accounting Research, 11(2), pp. 231–51.
- Kotler P. (2011) Marketing Insights From A to Z: 80 Concepts Every Manager Needs to Know. New York: John Wiley and Sons.
- Rolls Royce Motor Cars (2015). Build your Rolls Royce. Retrieved from: <https://www.rolls-roycemotorcars.com/en-GB/build-your-rolls-royce.html>

Rolls Royce, (2015). Rolls Royce official website. Retrieved from:

<http://www.rolls-royce.com>

Slack, N., Chambers, S. Johnston, R. (2007). Strategic Operations Management, (5th Edition).

New York: FT Prentice Hall.

Tan, H. K., Mathews, R. (2009). Operations Strategy in Action: A Guide to the Theory and Practice of implementation. Cheltenham: Edward Elgar Publishing.