



Company Analysis

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Executive Summary

ASG Europarts Limited (ASG), trading as Euro Safety Glass (ESG) is an automotive glass and motor parts distributor headquartered in Dublin, with further operations in Belfast in Northern Ireland. The company is an independent subsidiary of Europarts Motor Factors (EMF). ESG has a mission of creating superior value through the provision of a unique customer experience and outstanding quality products.

Internal analysis highlights the presence of two customer segments: insurance and non-insurance. Furthermore, the financial analysis stressed the over-reliance on ESG's main customer as well as cash flow issues. Utilising Porter's Five Forces, we identified buyers have high power, low supplier power exists, and competitive rivalry is high. Market conditions are oligopolistic with two main competitors to ESG: Laddaw and AAA. Both competitors focus on the insurance segment, characterised by predatory pricing.

ESG is 'stuck in the middle'; the firm aims to provide premium products and customer service to both customer segments. However, ESG maintains an overreliance on one customer in an industry in which the firm is a price taker.

To overcome this, we recommend ESG create a sub brand - 'ESG Insurance' - to address their different business segments with clear strategies and offer a specialised service to the insurance segment to compete with low cost competitors. Advantages of this model include having a specialised service for each market segment. This may lead to new customer acquisition due to specialisation. We recommend forward integration via an equity alliance with Mr. Windscreen to mitigate the risk of losing this customer.

The research methodology adopted for this project included primary sources. We were able to collect information through expert interviews with Barry Loughran, Managing Director of ESG and by conducting employee-customer surveys.

1. Introduction

Mission, Vision and Values

ASG, trading as ESG is an automotive glass and motor parts distributor headquartered in Dublin, with further operations in Belfast in Northern Ireland. The company is an independent subsidiary of EMF.

ESG's mission relates to creating superior value through the provision of a unique customer experience and outstanding quality products (ASG, 2019). Furthermore, ESG's vision is to become the UK and Ireland market leader of automotive products where customers discover personal, friendly service (ASG, 2019). The values of the company include trust, integrity, respect, customer commitment and quality (ASG, 2019).

Competitive Strategy

ESG historically employed a differentiation strategy, pertaining to a unique competitive approach industry-wide (Porter, 1998). Differentiation provides more sustainable financial performance than a low-cost leadership strategy (D. Banker, Mashruwala and Tripathy, 2014). However, as later shown this differentiation strategy has had implications for the firm's cost structure.

The Irish automotive glass repair and replacement (AGRR) market is increasingly characterised by price competition due to the inclusion of automotive glass in motor insurance policies, placing ESG under pressure from competitors and customers regarding its pricing structure (Allianz, 2019; AXA, 2019; Liberty Insurance, 2019; Lougran, 2019). Market forces have led to the development of two distinct market segments - insurance and non-insurance. ESG has attempted to lower its cost structure to enable the reduction of customer pricing to meet customer needs in the insurance segment. Simultaneously, ESG continues to differentiate to ensure the needs of customers in the non-insurance segment are met.

2. Internal Analysis

2.1. Business Model Canvas

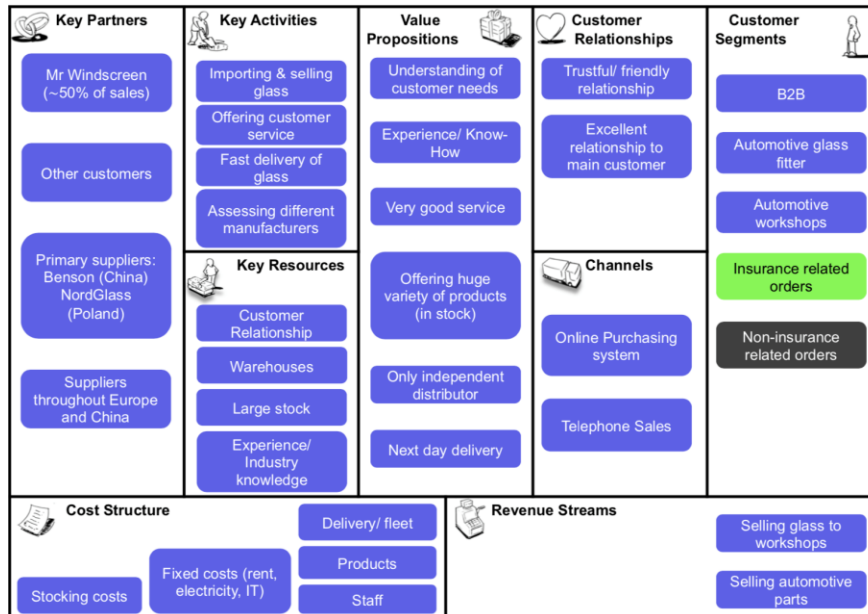


Figure 1: Business Model Canvas (following Osterwalder and Pigneur, 2010)

ESG's business model is based on importing, selling and delivering glass to AGRR agents. ESG offers the same service for every customer and order, part of their unique value proposition. However, the insurance and non-insurance business require different

approaches in terms of the trade-off between quality - including customer service and products - and pricing. ESG is currently facing some financial challenges (see financial analysis), as the profit margin in their insurance business is low, due to the provision of low prices accompanied by high quality service. As ESG's main customer Mr. Windscreen (MW) solely operates in the insurance segment and is increasing their sales volume rapidly by offering rock-bottom prices to insurance companies, the current business model of ESG must be overhauled.

Furthermore, ESG provides a same day special delivery service if a wrong or damaged product is sent to the customer. Whilst providing excellent customer service, the special delivery is inefficient and costly.

2.2. Financial Analysis

ESG's overhead costs have been continually increasing with a surge of 14.60% since 2014. (Exhibit 1) The quick ratio indicates that ESG's ability to finance immediate demands is above the optimal ratio of one (Gallo, 2015), suggesting ESG's funds have been underutilized and can be invested further. (Exhibit 2.1) In addition, the company's ability to finance short-term obligations is indicated by the current ratio. (Exhibit 2.2) ESG's current ratio is declining;

however, it still maintains an average above the optimal ratio of two (Gallo, 2015). ESG's lengthy credit terms - of 90 days - explain the company's superficially high current ratio. However, the ratio may not be practically optimal since the company is facing cash flow issues (Loughran, 2019).

Additionally, the fluctuations in ESG's inventory turnover ratio shows an inefficient inventory management system. (Exhibit 3.1) An optimal inventory turnover ratio is two, which shows that the stock is well balanced (Gallo, 2015). However, ESG maintains its stock below the standard level (0.75 in 2018). (Exhibit 3.1) The leading supplier, Benson has a high minimum order quantity resulting in stock being held for up to three years. (Loughran, 2019) Absence of an inventory barcoding system further attributes to this inefficiency since it leads to misappropriation of stock. (Loughran, 2019).

Furthermore, ESG's decreasing return on asset ratio (0.05 in 2018) indicates the company's inability to manage various assets such as cash, stock and debtors. Moreover, the company's tangible assets reduced significantly by 58% in the year 2018. (Exhibit 3.2)

ESG has been profitable for the past 5 years; however, ESG's revenues decreased substantially in 2017 following the loss of All Glass as a customer. Thus, since 2015, ESG became highly dependent on MW as a customer. The total sales volume to MW has increased from 27% to 54%, in this time period. The graph (Exhibit 4.2) shows that MW is ESG's largest customer accounting for 53.51% of total sales in 2018. However, ESG's profit margin per unit sold to MW has decreased from 39% last year to 34%. ESG has been giving significant discounts to MW to maintain the relationship. Despite the increase in sales volume, profit margins have remained flat. (Exhibit 4.1) If ESG were to lose MW as a customer, this would have a catastrophic impact on revenue.

Finally, ESG was issued "going concern" warnings by its auditors in 2012 and 2013 due to concern surrounding its working capital (Fame, 2019).

2.3. Resource-based View

Table 1: Resource Based View (following Barney, 1991) (ASG, 2019; ESG, 2019; Fame, 2019; Groysberg et al., 2018)

Euro Safety Glass Resources and Capabilities Analysis	
Tangible Resources and Capabilities	Examples
Financial	<ul style="list-style-type: none"> Over €2.2 million Trade Debtors Healthy Current (2:1) and Acid Test Ratios (1:1) Credit and Financial Security Rating: 92/100
Physical	<ul style="list-style-type: none"> Breadth and Depth of Stock Warehouses Locations: Ireland’s Two Largest Cities Delivery Vehicles: Trucks and Vans Established Supply Chain
Organisational	<ul style="list-style-type: none"> Informal Reward System: Outstanding Performance Recognised Automated Inventory Purchase Order Generation System
Intangible Resources and Capabilities	Examples
Human	<ul style="list-style-type: none"> Organisational Culture: Learning and Caring Employee-customer Relationships: Extend to Outside Workplace Empowerment of Employees: Ownership Mentality Tacit Knowledge: Customer Interaction Employee Diverse Knowledge: Job Rotation Supply Chain Knowledge: Worldwide Network of Suppliers
Innovation	<ul style="list-style-type: none"> Commitment to Continuous Improvement Dynamic Capabilities: Independence Enables Rapid Response
Reputation	<ul style="list-style-type: none"> Network Resources: Relationships with Suppliers and Customers Industry’s Only Independent Irish Operator Experience: Over 28 Years Operating Market Leading Customer Service

Customer service is central to ESG’s competitive strategy, acting as a differentiator. ESG focus on employee empowerment to develop a shared ownership mentality amongst employees (Randolph, 2000). Consequently, ESG’s employees have developed strong professional and personal relationships with customers. Moreover, *network resources* exist in terms of interfirm relationships with suppliers – Benson, Nord Glass, Sika and Saint-Gobain – and customers (Gulati, 1999), providing exclusive access to information and knowledge.

ESG maintains *dynamic capabilities*, enabling the adaptation and modification of operations to meet changing industry demands (Teece, Pisano and Shuen, 1997). Moreover, ESG achieves rapid response to changing customer demand and supplier pricing or quality due to its independent operations. Further, the *organizational culture* of ESG may be characterized as one of *learning* and *caring*, (Exhibit 5) acting as a dynamic capability enabler (Groysberg et al., 2018). This culture establishes innovation, a sense of belonging and agility (Groysberg et al., 2018) and forms a core element of ESG’s competitive strategy (Loughran, 2019) (Exhibit 5).

2.4. VRIO Analysis

Table 2: VRIO Analysis (following Barney, 1991)

Euro Safety Glass VRIO Analysis (Barney, 1991)					
Resource or Capability	Valuable	Rare	Inimitable	Organised	Competitive Outcome
Rapid Delivery of Broad Product Range	Y	Y	N	N	Temporary Advantage
Independent Irish Operations	Y	Y	N	N	Temporary Advantage
Customer Relationships	Y	Y	Y	Y	Sustainable Competitive Advantage
Employee Empowerment and Knowledge	Y	Y	Y	Y	Sustainable Competitive Advantage

Due to the ability of customer relationships and employee empowerment and knowledge to provide a sustainable competitive advantage, they may be referred to as the firm's *core competencies*. Prahalad and Hamel (1990) contend that core competencies are characterized by durability and continue to grow as they are applied. Thus, they should form the foundations from which ESG's competitive strategy is developed due to their *idiosyncrasy*.

2.5 Summary of Internal Environment



Figure 2: Summary of internal analysis (following Grant, 2018)

Based on Grant's (2018) model, the findings from the preceding internal analysis have been structured. Besides some key weaknesses identified in the financial analysis, ESG is currently not exploiting all of their strengths (see "Superfluous Strengths").

3. External Analysis

3.1. PEST

Political

Northern Ireland has lacked a sitting government for three years, whereas Ireland maintains a stable political environment. Politically, the biggest threat to ESG is the uncertainty surrounding Brexit and its consequences for both the Irish and Northern Irish economy. A no deal Brexit may produce trade tariffs and difficulty moving goods between Northern Ireland and Ireland.

Economic

Between 2012 and 2018, CSO (2019) information outlines that the total cars registered in the Republic of Ireland grew from 2.4 million to 2.72 million (See Exhibit 6). YTD, new car sales in Ireland declined 7.9% from 2018, whilst new car sales in Northern Ireland fell 8% (Smyth, 2019). EY (2019) state that forecasted GDP growth for Ireland is expected to be 3% in 2020. However, a no deal Brexit could lead to GDP growth plummeting to 1.3%. EY (2019) predict Northern Irish GDP growth of 1.1% to 1.3%, with a no deal Brexit pushing Northern Ireland into economic recession.

Social

With rising environmental concerns about how we travel, the car industry constantly has to adapt to new demands. In the long run, this could also affect the windscreen industry.

Technology

Belron's (2019) report indicates that the glazed area of cars has increased by 15% over the past 10 years, accounting for 30% of cars' total surface area. As smart screen technology advances, windscreens will become thinner and more durable.

3.2. Porter's Five Forces

Buyer Power - High

The bargaining power of buyers is high. MW and the insurance trade account for 54% of revenue and 34% of ESG's profit. MW and the insurance companies establish a fixed price per windscreen and due to low switching costs, ESG must supply products at this price.

Supplier Power - Low

Bargaining power of suppliers is low. ESG purchases from 10 auto glass suppliers, with many more suppliers in the industry. To attain the lowest unit cost, ESG often purchases three years of stock in advance from Chinese suppliers.

Threat of New Entrants - Low

The primary competitors in the market are Laddaw and AAA Mobile Windscreens (AAA). The latest market entrant was Pilkington, three years ago, who recently ceased trading. Market conditions make it unappealing for potential entrants due to its oligopolistic nature, predatory pricing and low profitability. This is evidenced by Laddaw's losses of €29.2 million since market entry (Carglass, 2019).

Threat of Substitution - Low

Threat of substitution is currently low. This could change in the future as technology advances and car manufacturers shift towards more technologically advanced windscreens.

Competitive Rivalry - High

ESG are the dominant player in the market, followed by Laddaw and AAA. ESG are profitable, while Laddaw lose approximately €2 million per year (Carglass, 2019). Pricing strategy is predatory as competitors adopt a loss leadership strategy to drive competition out of the market, Laddaw maintain this position due to their ownership by the Belron Group, with a global turnover of \$3.3 billion (D'Ieteren, 2019). All competitors predominantly focus on insurance customers. Both Laddaw and AAA are forward integrated. In addition to wholesale, they supply and fit windscreens, this provides a competitive advantage due to transaction cost reduction.

3.3. Competitor Analysis

The Irish AGRR Industry contains three key players: ESG, Laddaw and AAA. ESG remains the market leader but faces strong competition from Laddaw due to its forward integrated supply chain and strategic partnerships with suppliers. However, Laddaw operates from its central distribution centre in the UK and spends a significant amount on transportation. The Belron Group overlooks the losses made by its Irish subsidiary to establish itself as a low-cost product supplier in the overall European market.

AAA is the only indigenous rival and employs a low-cost pricing approach but lacks economies of scale and delivery capabilities. AAA has shown less growth in recent years but remains a threat as it engages with the same supply chain partners as ESG.

Figure 3 displays a comparative analysis of the three players on major growth driving factors.

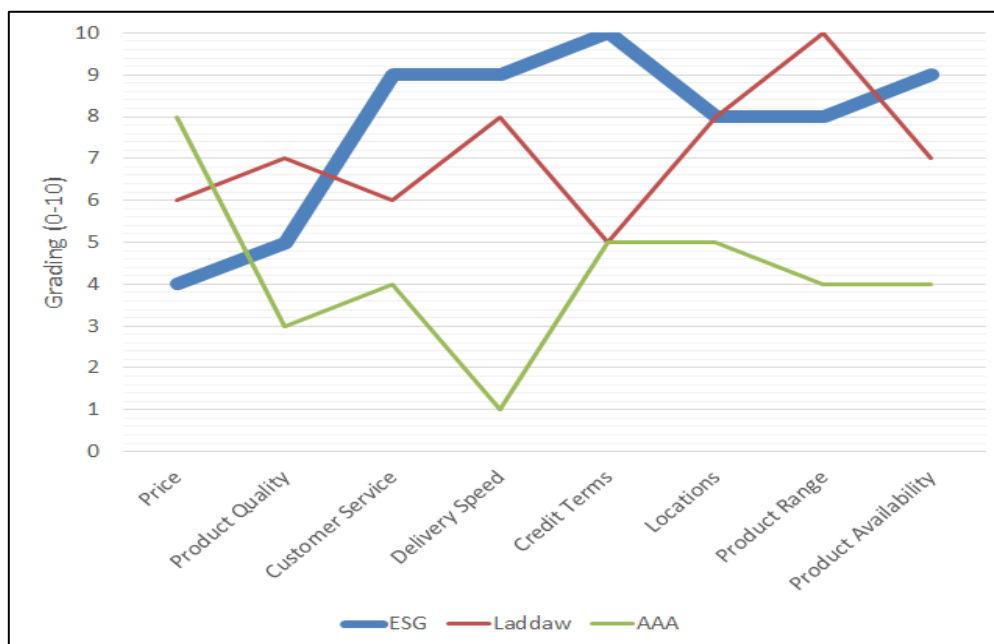


Figure 3: Strategy Canvas (Kim and Mauborgne, 1999)

4. Opportunity Analysis

4.1. Problem Identification

Evidently, ESG maintains an overreliance on MW, accounting for 54% of sales revenue. The high bargaining power and low switching costs of MW, places ESG in the position of a price taker. In addition, due to the dynamic nature of the AGRR industry, the firm has attempted to meet the idiosyncratic needs of the insurance and non-insurance segments utilising an identical business model. Thus, it appears that ESG may have become “stuck in the middle” as their strategy involves a lack of consistency between internal activities (Dess and Davis, 1984). Concerningly, Porter (1980) contends that firms that remain stuck in the middle are outperformed by those pursuing a consistent generic strategy. Therefore, this poses a considerable strategic issue for ESG as Laddaw and AAA pursue a low-cost leadership strategy. Accompanying this remain operational issues in terms of cash flow, and gross margin of the non-insurance segment.

4.2. New Opportunities

With Pilkington ceasing operations in Ireland, ESG holds the opportunity to attract Pilkington’s former customers by leveraging its competitive advantage. Meanwhile, MW’s competitor Fix

Auto World, a global AGRR agent working in insurance segment has entered Ireland offering similar services. They could be a potential insurance client for ESG in the near future.

4.3. Recommendations

Four Actions Framework

As ESG focuses on both insurance and non-insurance market segments without differentiating its offering to address each segment's individual needs, we recommend that ESG create a sub-brand (ESG Insurance) to focus on the specific vertical market. In the current microenvironmental and macro environmental conditions facing ESG, Kumar (2006) suggests the establishment of a low-cost business unit. Thereby, ESG and ESG Insurance can differentiate their offerings and value propositions to their respective customer segments. To address the issues associated with ESG's insurance segment and aid the implementation of ESG Insurance, an adaptation of Kim and Mauborgne's (1999) four actions framework has been applied.

ESG maintains an exceptionally manual supply chain process. It entails the end consumer contacting their insurance company before the AGRR agent. Following this the AGRR agent contacts ESG to purchase goods. To address this issue, we recommend the augmentation of ESG's E-commerce and ordering systems. Alternatively, ESG Insurance could integrate with customer ERP systems enabling orders to be placed when stock hits minimum levels, thus eliminating the need for the administrative 'telephone sales' team who currently manage customer orders. ESG Insurance should also eliminate the highly inefficient special delivery system of single windshields to anywhere in the country on the same day. This is a premium offering, not suited to a low-cost leadership approach.

We advocate a shift from vertical relationships to long-term supplier contracts to mitigate opportunism and ensure consistent supply (Grant, 2018). Brandenburger and Stuart (1996, p.15) suggest that 'firms must enjoy favourable symmetry' from competitors to achieve positive value creation. Therefore, ESG Insurance must increase firm value capture by reducing cost. Long term supplier contracts must exist to leverage bulk discounts, just in time delivery and favourable credit terms.

Forward Integration

To mitigate risk of losing MW as a customer and to leverage MW’s rapid growth and increase in sales in the insurance segment, we recommend ESG forward integrate with MW through an equity strategic alliance. This could be attained by offering equity in ESG and receiving greater control over MW by accepting a share in the firm’s business. An equity alliance cultivates a culture of open innovation (Leber *et al.*, 2018). The alliance aims to achieve a demand chain partnership, offering an integrated management system ultimately aimed at establishing cost leadership in the industry (Vollmann and Cordon, 1998). The alliance should target the access of each other's resources and not acquiring capabilities of the partner (Grant, 2018). This alliance intertwines with the four actions framework as it allows closer integration with the customer and could potentially lead to integrations in ERP and order processing, increasing operational efficiency. Figure 4 supports an alliance with MW in future.

As ESG would have more control over MW, we suggest establishing an incentivization structure that motivates workshops to encourage customers to purchase higher-quality windscreens in the case of insurance customers with the end customer subsidizing the additional cost. Thus, ESG could sell higher-quality glass, at a higher margin. Our model incentivizes MW by offering commission to glass fitters for selling the premium product.

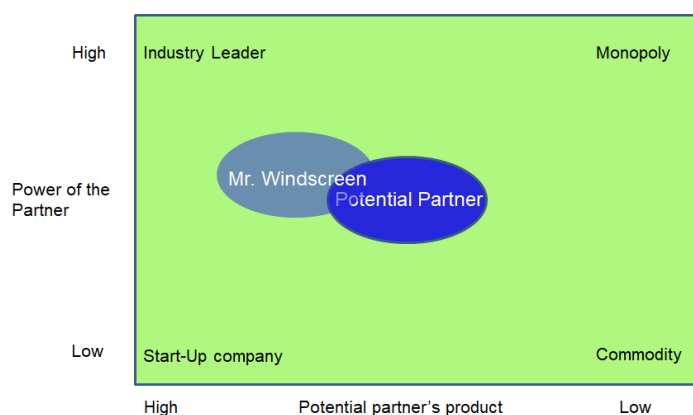


Figure 4: Evaluation of the Integrated Company (following Vollmann and Cordon, 1998)

4.4. Competitor Reactions

Adopting a game theoretical approach indicates the potential competitor reactions to our recommendations for ESG. Given the implementation of a wholesale sub-brand into the Irish AGR market, competitors may pursue a similar approach. As the competitive strategies of AAA and Laddaw are predicated upon low-cost leadership, the introduction of a differentiated sub-brand may be likely from these rival firms. Despite this threat, ESG maintains competitive advantage due to core competencies such as customer relationships. Consequently, difficulty exists for rivals to challenge ESG by employing a focused differentiation strategy.

ESG Insurance will maintain a unique position in the AGRR market. The creation of a new revenue stream due to forward integration poses a likely source of imitation by competitors as they also maintain forward integrated supply chains. Finally, the industry historically experienced considerable price wars (Loughran, 2019). Therefore, it remains a possibility that Laddaw and AAA engage in a similar strategy following ESG Insurance's introduction.

5. Critical Analysis

Firstly, our approach to form a sub-brand allows ESG to address their different businesses segments with clearer strategies. On the one hand, ESG will continue to provide high-quality products and service for their non-insurance business, while offering low pricing with ESG insurance. This will also increase the transparency of the provided services for the customer.

As discussed before, forward integration will enable ESG to increase their profit margins in the insurance business due to the incentivization we suggest. However, this advantage comes along with the disadvantage of stocking more products - low and higher-quality products. This further stresses the importance to improve ESG's stock management.

Forward integration via an equity strategic alliance with MW will enable greater operational efficiency due to the elimination of coordination costs of the existing relationship. Furthermore, transaction costs will decrease due to the elimination of opportunism and strategic misrepresentation. Consequently, ESG's gross margin will increase. Attaining an equity share in MW, provides a risk mitigation opportunity given ESG's current overreliance on MW. Additionally, the alliance provides ESG access to the resources and capabilities of MW and associated knowledge of the AGRR industry. Hence, ESG's ROA ratio will improve in the future.

Supplier integration accompanied by long-term contracts enables lower and consistent pricing. Additionally, integration offers improvements to cash flow due to the facilitation of just in time ordering, thus increasing the liquid assets of the company. Conversely, long-term contracts generate switching costs for ESG. Therefore, should alternate supplier pricing decrease, ESG cannot leverage this opportunity.

As EMF maintains a franchise agreement with National Windscreens for the operation of its AGRR agency in Northern Ireland, ESG may leverage economies of learning. These economies of learning can be applied to MW's operations.

The new sub-brand can also help ESG to take advantage of the opportunities we identified before, namely the departure of Pilkington and the entrants of Fix Auto. The alliance with MW, however, may concern Fix Auto as MW is a direct competitor.

Furthermore, removal of the special delivery service in the existing model can affect customer satisfaction potentially. In addition to this, the emergence of a new business process can increase the lag time, training and development costs and further investment. A possible issue of change management within the organisation also arises. Alteration in the business model and ESG's strategic objectives shall require a synergy between the human and technical resources of the firm.

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Appendix

Exhibit 1. ESG's Cost Structure

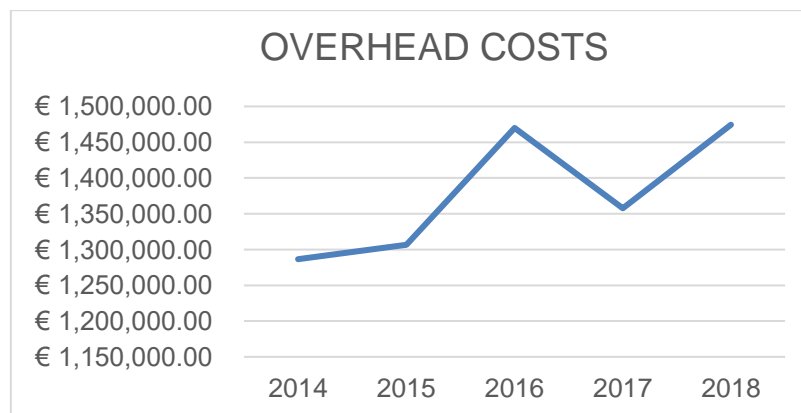


Exhibit 2.1 ESG's Liquidity Ratios

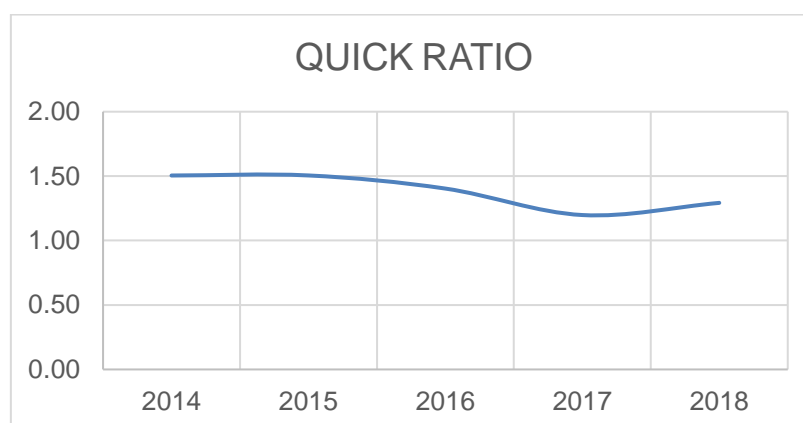


Exhibit 2.2 ESG's Liquidity Ratios

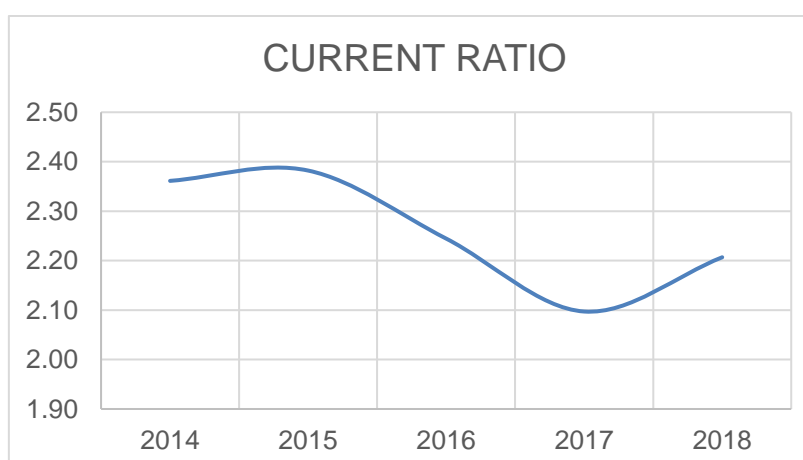


Exhibit 3.1 ESG's Efficiency Ratios

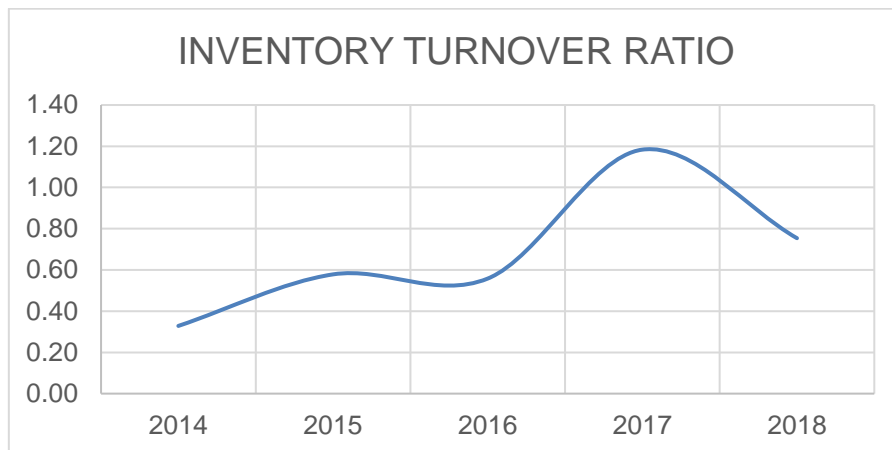


Exhibit 3.2 ESG's Efficiency Ratios

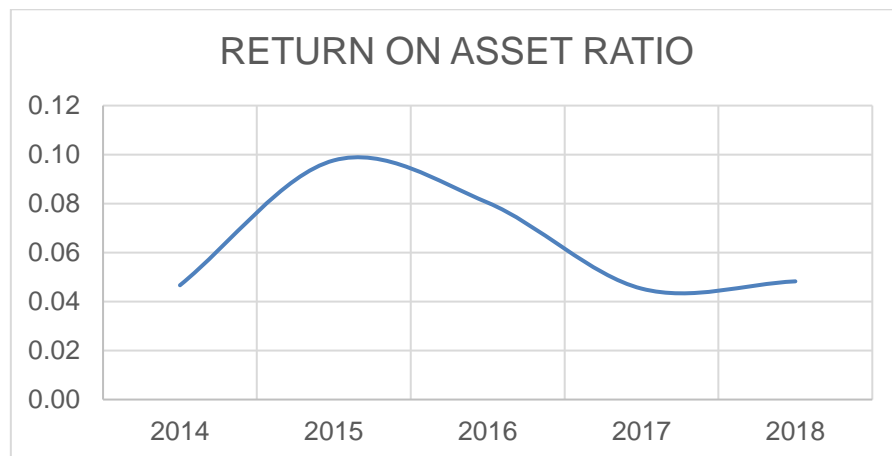


Exhibit 3.3 ESG's Efficiency Ratios

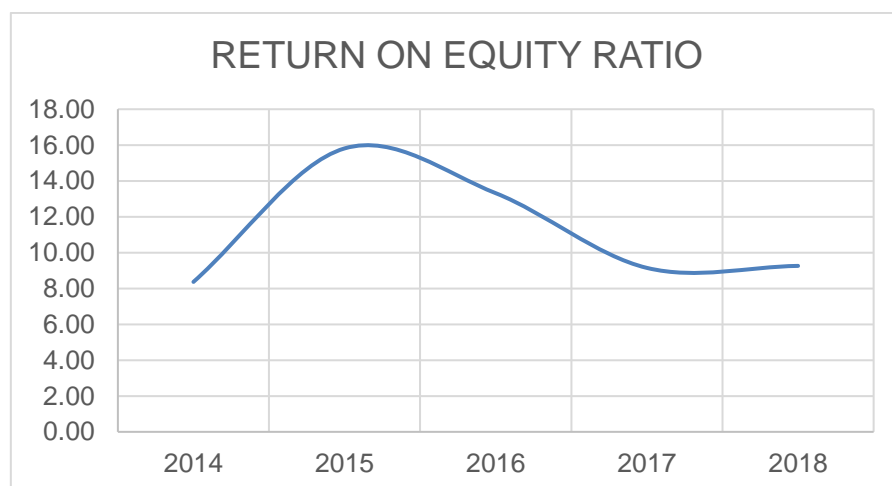


Exhibit 4.1 Mr. Windscreen’s share of ESG’s Total Sales

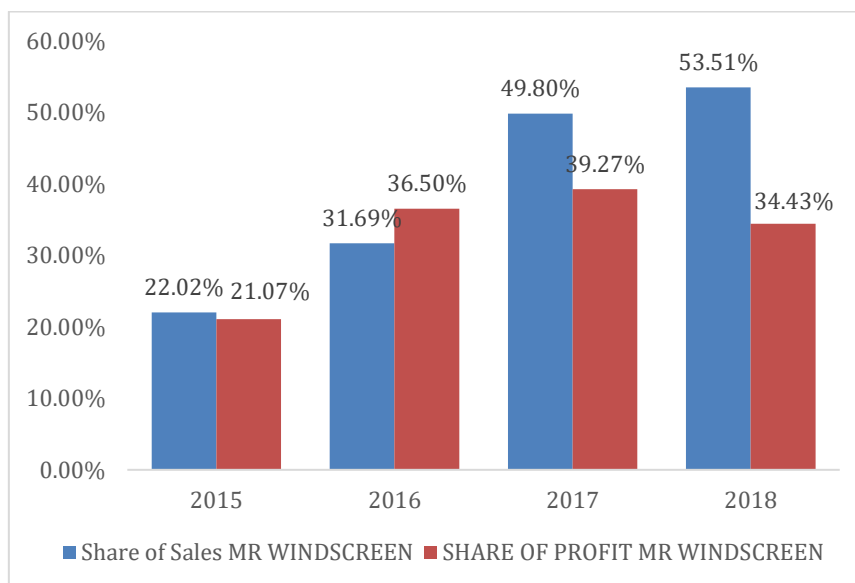


Exhibit 4.2 Mr. Windscreen’s Revenue Vs Profit

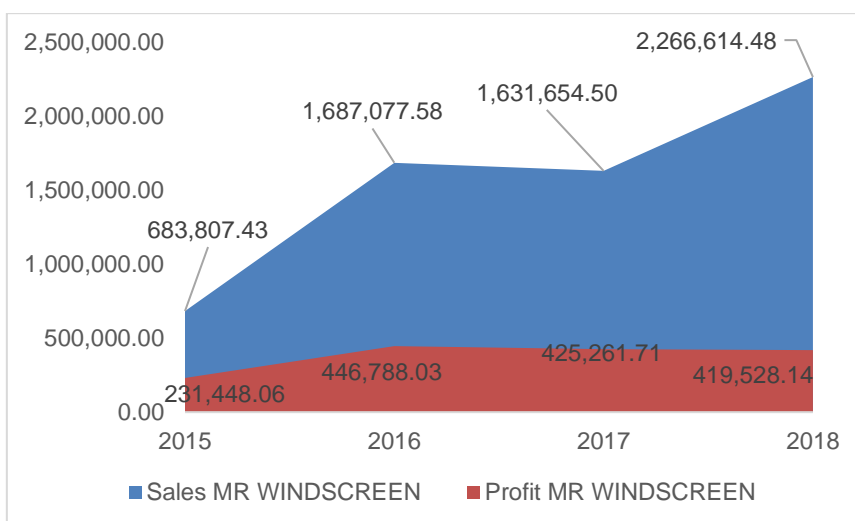


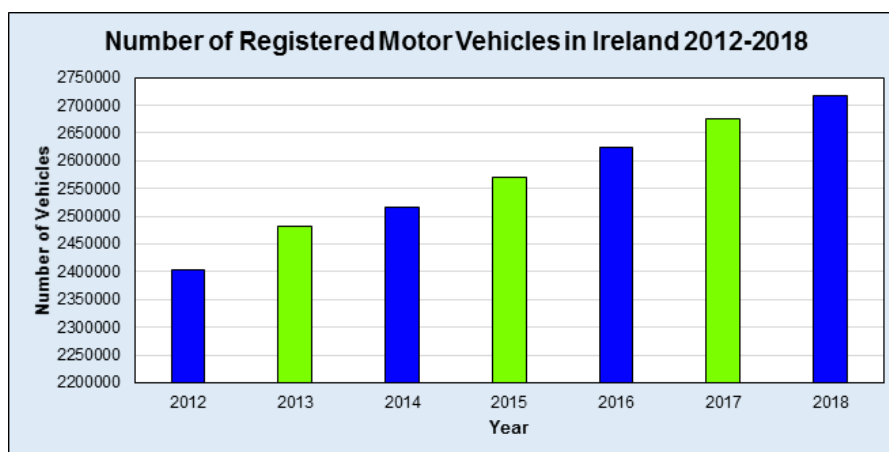
Exhibit 5. Organisational Culture at ESG

ON A SCALE OF 1-5, RATE HOW WELL EACH OF THESE STATEMENTS DESCRIBES YOUR ORGANIZATION.
 1 = NOT AT ALL WELL 2 = NOT VERY WELL 3 = SOMEWHAT WELL 4 = VERY WELL 5 = EXTREMELY WELL

THE ORGANIZATION IS FOCUSED ON:	THE ORGANIZATION FEELS LIKE:	TOTAL
COLLABORATION AND MUTUAL TRUST	A BIG FAMILY	CARING
1 2 3 4 5	1 2 3 4 5	9
COMPASSION AND TOLERANCE	AN IDEALISTIC COMMUNITY OR CAUSE	PURPOSE
1 2 3 4 5	1 2 3 4 5	7
EXPLORATION AND CREATIVITY	A DYNAMIC PROJECT	LEARNING
1 2 3 4 5	1 2 3 4 5	9
FUN AND EXCITEMENT	A CELEBRATION	ENJOYMENT
1 2 3 4 5	1 2 3 4 5	6
ACHIEVEMENT AND WINNING	A MERITOCRACY	RESULTS
1 2 3 4 5	1 2 3 4 5	5
STRENGTH AND BOLDNESS	A COMPETITIVE ARENA	AUTHORITY
1 2 3 4 5	1 2 3 4 5	6
PLANNING AND CAUTION	A METICULOUSLY PLANNED OPERATION	SAFETY
1 2 3 4 5	1 2 3 4 5	4
STRUCTURE AND STABILITY	A SMOOTHLY RUNNING MACHINE	ORDER
1 2 3 4 5	1 2 3 4 5	5

Source: Groysberg *et al.*, 2018, p.11

Exhibit 6.



Source: Central Statistics Office, 2019

Exhibit 7. ESG Profit and Loss Statement

Particulars	2018		2017		2016		2015		2014	
	€	€	€	€	€	€	€	€	€	€
Fixed Assets										
Tangible assets		60,757		147,716		171,920		204,669		91,734
Current Assets										
Stocks	1,583,282		1,570,064		1,529,851		1,346,819		1,254,898	
Debtors	2,236,410		2,090,037		2,551,372		2,299,351		2,153,804	
Cash at bank and in hand	<u>1,189</u>		<u>1,842</u>		<u>756</u>		<u>12,859</u>		<u>51,356</u>	
	3,820,881		3,661,943		4,081,979		3,659,029		3,460,058	
Creditors										
Amounts falling due within 1 year	<u>1,731,414</u>		<u>1,746,186</u>		<u>1,818,597</u>		<u>1,536,021</u>		<u>1,465,349</u>	
		<u>2,089,467</u>		<u>1,915,757</u>		<u>2,263,382</u>		<u>2,123,008</u>		<u>1,994,709</u>
Total assets less current liabilities		2,150,224		2,063,473		2,435,302		2,327,677		2,086,443
Creditors										
Amounts falling due after more than 1 year		<u>250,000</u>		<u>250,000</u>		<u>184,945</u>		<u>280,460</u>		<u>291,292</u>
Net Assets		<u>1,900,224</u>		<u>1,813,473</u>		<u>2,250,357</u>		<u>2,047,217</u>		<u>1,795,151</u>
Capital & reserves										
Called up share capital		1		1		1		1		1
Retained earnings		<u>1,900,223</u>		<u>1,813,472</u>		<u>2,250,356</u>		<u>2,047,216</u>		<u>1,795,150</u>
Shareholders funds		<u>1,900,224</u>		<u>1,813,473</u>		<u>2,250,357</u>		<u>2,047,217</u>		<u>1,795,151</u>

Exhibit 8. ESG Balance Sheet

Particulars	2018		2017		2016		2015		2014	
	€	€	€	€	€	€	€	€	€	€
		7,394,056		5,638,721		7,972,911		7,258,439		6,798,347
Sales										
Cost of sales	1,570,064		1,529,851		1,346,819		1,254,898		754,535	
Opening stock	<u>5,748,420</u>		<u>4,155,325</u>		<u>6,357,612</u>		<u>5,686,526</u>		<u>5,850,707</u>	
Purchases	7,318,484		5,685,176		7,704,431		6,941,424		6,605,242	
Closing stock	<u>(1,583,282)</u>		<u>(1,570,064)</u>		<u>(1,529,851)</u>		<u>(1,346,819)</u>		<u>(1,254,898)</u>	
		<u>5,735,202</u>		<u>4,115,112</u>		<u>6,174,580</u>		<u>5,594,605</u>		<u>5,350,344</u>
Gross profit	22.43%	1,658,854	27.02%	1,523,609	22.56%	1,798,331	22.92%	1,663,834	21.30%	1,448,003
Overheads										
Rent	84,000		77,541		79,500		85,828		96,508	
Rates and water	25,880		31,139		31,947		31,136		32,606	
Insurance	41,805		36,363		24,588		27,595		17,972	
Light & heat	26,365		21,458		24,362		25,257		25,238	
Salaries & wages	858,964		738,935		828,878		770,101		785,239	
Pensions	7,782		7,808		13,363		15,848		15,554	
Leases	50,426		29,133		47,741		68,629		9,310	
Telephone	16,075		16,718		17,867		17,061		16,748	
Printing, postage & stationery	11,960		9,953		7,530		8,983		13,024	
Advertising	-		2,466		1,939		1,415		435	
Motor & travel	140,988		121,745		113,298		129,858		150,656	
Repairs & renewals	18,677		14,050		27,734		19,004		15,767	
Computer costs	59,800		56,147		48,415		25,137		19,340	
Sundry expenses	527		463		5,028		5,284		9,624	
Staff welfare	167		1,648		1,300		-		-	
Subscriptions	1,765		-		2,360		1,904		-	
Legal & professional fees	-		-		4,698		4,490		72	
Auditors remuneration	5,192		5,510		4,550		4,200		4,200	
Foreign exchange losses	28,127		127,768		121,045		7,158		25,839	
Depreciation	26,063		35,086		39,992		24,513		23,213	
Profit/loss on disposal of fixed assets	45,885		(209)		-		-		1,209	
Bad debts	<u>23,999</u>		<u>24,000</u>		<u>24,000</u>		<u>33,195</u>		<u>24,000</u>	
		<u>1,474,447</u>		<u>1,357,722</u>		<u>1,470,135</u>		<u>1,306,596</u>		<u>1,286,554</u>
Profit before finance costs and tax		<u>184,407</u>		<u>165,887</u>		<u>328,196</u>		<u>357,238</u>		<u>161,449</u>

Glossary of Initialisations

- ❖ **ESG:** Euro Safety Glass
- ❖ **ASG:** ASG Europarts Limited
- ❖ **EMF:** Europarts Motor Factors
- ❖ **MW:** Mr. Windscreen
- ❖ **AGRR:** Automotive Glass Repair and Replacement
- ❖ **AAA:** AAA Mobile Windscreens
- ❖ **TCE:** Transaction Cost Economics
- ❖ **ROA:** Return on Assets

Individual Contributions

Christopher Clarke - 19201335

My contribution for the report pertained to the identification of our selected company - Euro Safety Glass, the preparation of the introduction, resource-based view and VRIO analysis alongside Timo, the implementation and adaptation of the four actions framework to explain our recommendations and finally, the analysis of potential competitor reactions. With regard to the presentation, I prepared our slides alongside Timo, Sunetra and Astitva, and presented our findings. I attended all meetings and contributed in a high-quality manner.

Karl Cullen - 10347901

Initially I played the role of Devil's advocate when choosing a project and trying to tease idea's out for opportunity identification. I carried out the external environment analysis and came up with the idea of creating the sub brand during a team meeting. I then edited the first draft of the completed report and put a framework and structure around the project. On completion, I wrote the executive summary. I attended approx 80% of the group meetings, some I missed due to work commitments.

Timo Worm - 19205030

I contributed significantly to almost every part of our projects, including the final report. On the one hand through new ideas and on the other hand by improving and elaborating on others' ideas. Additionally, I created the business model canvas and developed the resource-based view together with Christopher. Finally, I helped to create our final presentation and presented in class as well. I attended every meeting. Summarizing, I would describe my contribution to the teams' success as crucial.

Deepak Sharma- 19203926

My contribution to the project focused on research and analysis of various aspects of the business. It was not limited to but concentrated on the external environment of the business, competitor analysis and formulation of forward integration strategy for the company. Alongside, I also contributed hugely to the preparation and modification of the project report. I participated in all the team meetings and offered meaningful suggestions in them. I would conclude that I have significantly contributed towards the completion of the project.

Sunetra Bhattacharya- 19200616

The group strategy project gave me the opportunity to hone my skills and apply learning gained so far, into analyzing a company's strategy. I contributed to the team project by conducting a

financial analysis for the company. The analysis thus obtained was utilized in supporting the company's internal analysis frameworks and recommendations. Using the company's Profit and Loss statement and the Balance sheet, I calculated liquidity, efficiency and profitability ratios and further made graphs for the same. I equally participated in all the team meetings. Finally, I helped the team on finalizing the project report and preparing the presentation slides.

Astitva Nigam - 19200862

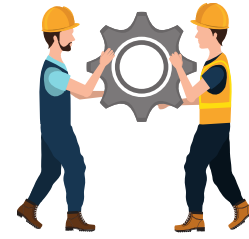
I suggested we could go ahead with a Fortune 500 company but we just went ahead with an Irish company because why not. I reckoned to go ahead with Critical Analysis and gave the whole advantages and disadvantages. Focused on what content we could mention there. I also analysed and worked on how are we giving the presentation (looked at the timings, theme, more suggestions as to where we could improve). I attended all of the meetings.



EURO SAFETY GLASS

ESG BUSINESS MODEL

LOUGHRAN (2019)



KEY ACTIVITIES

Importing, Selling and Delivering



VALUE PROPOSITION

Excellent Service



CUSTOMER SEGMENTS

Insurance vs. Non-insurance






CUSTOMER RELATIONSHIPS

Trustful and Friendly

VRIO ANALYSIS

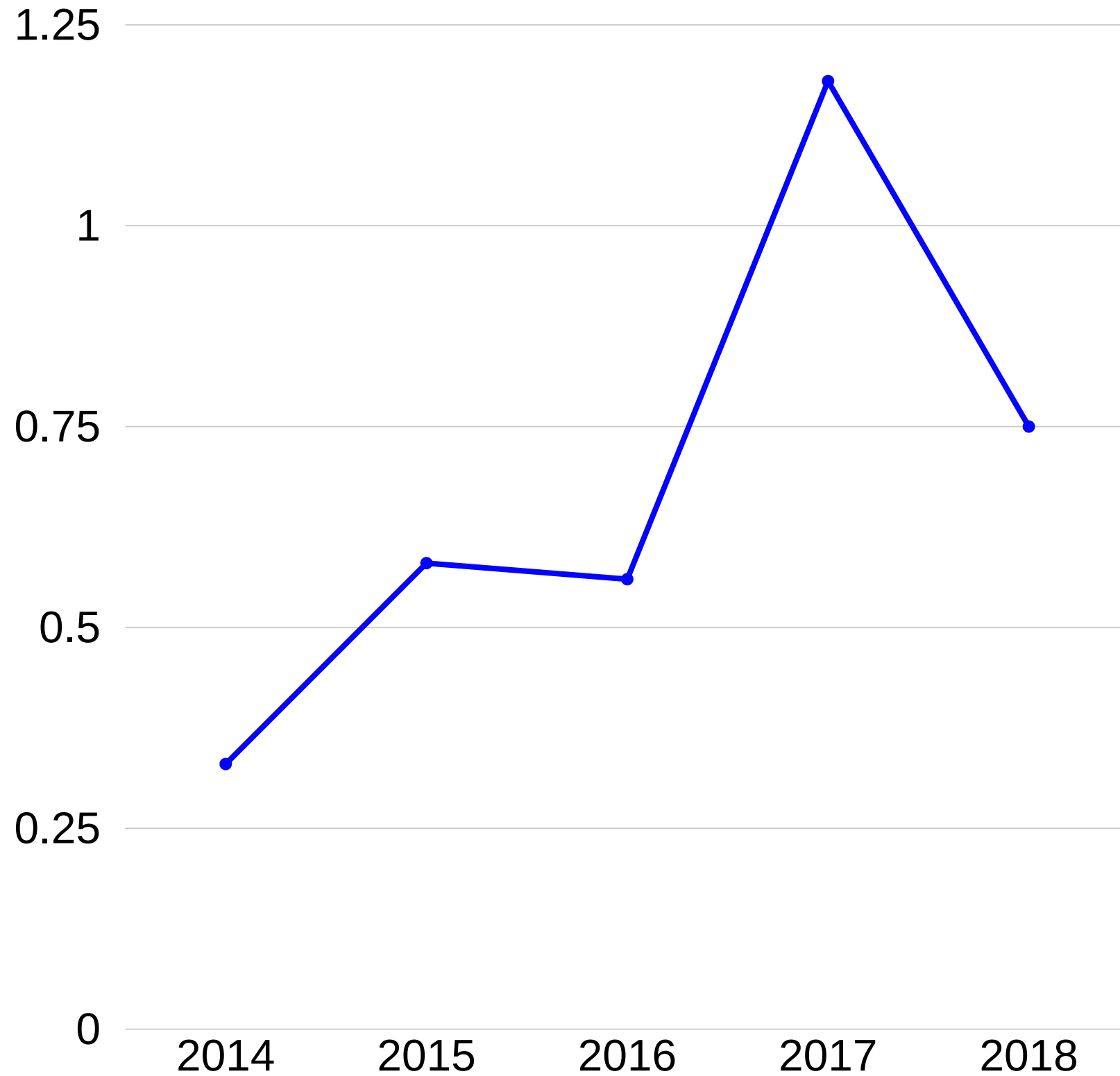
BARNEY (1991)

RESOURCES AND CAPABILITIES	 Rapid Delivery of Broad Product Range	 Independent Irish Operations	 Customer Relationships	 Employee Empowerment and Knowledge
Valuable	✓	✓	✓	✓
Rare	✓	✓	✓	✓
Inimitable	✗	✗	✓	✓
Organised	✗	✗	✓	✓
Competitive Outcome	Temporary Advantage	Temporary Advantage	Sustained Competitive Advantage	Sustained Competitive Advantage

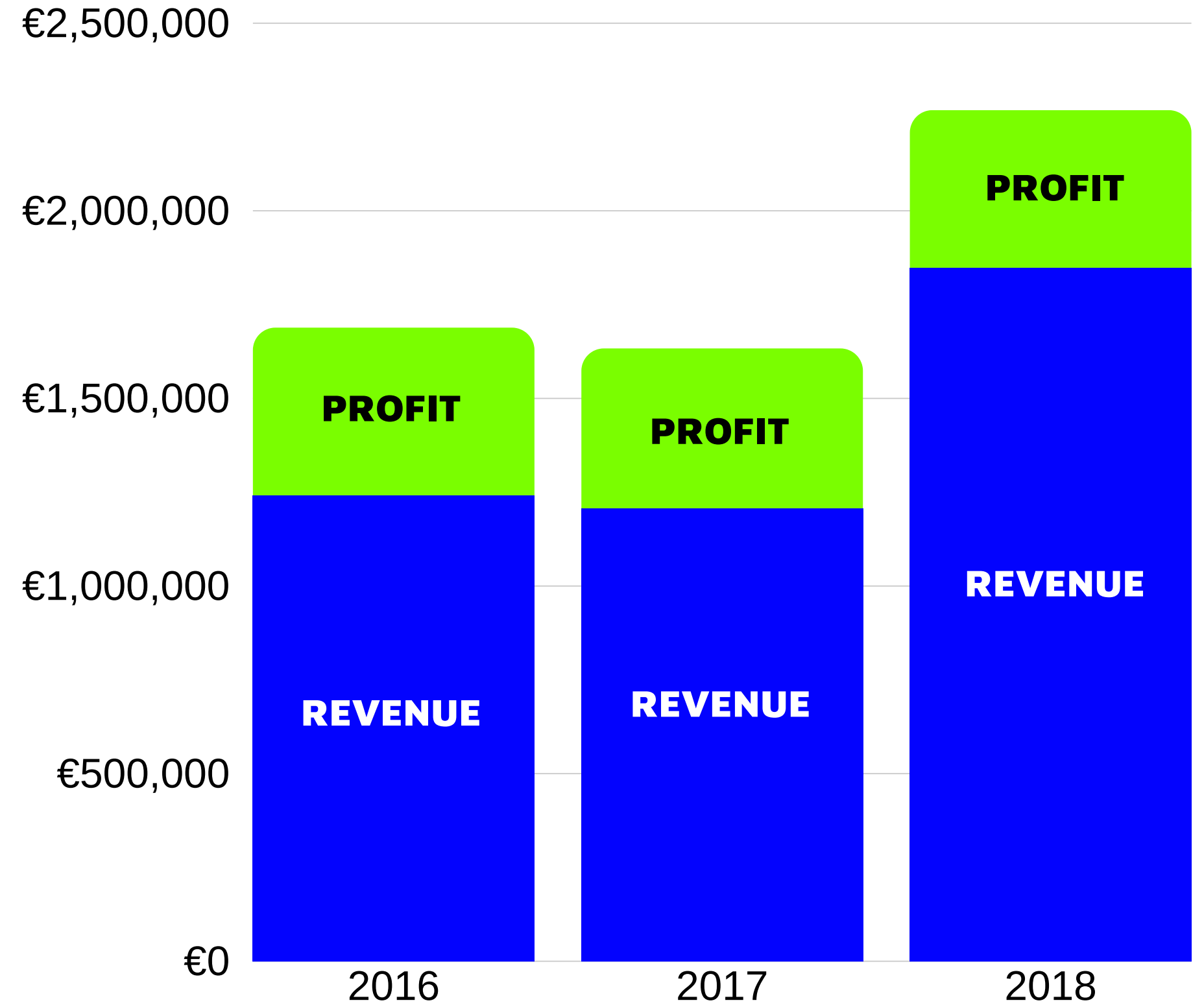
FINANCIAL ANALYSIS

ESG (2019)

INVENTORY TURNOVER RATIO



INSURANCE SEGMENT PROFIT VS. REVENUE



SUMMARY OF INTERNAL ENVIRONMENT

GRANT (2018)

- Independent Wholesaler
- Variety of Manufacturers

**Superfluous
Strengths**

**Key
Strengths**

- Customer Relationships
- Stock Volume and Variety

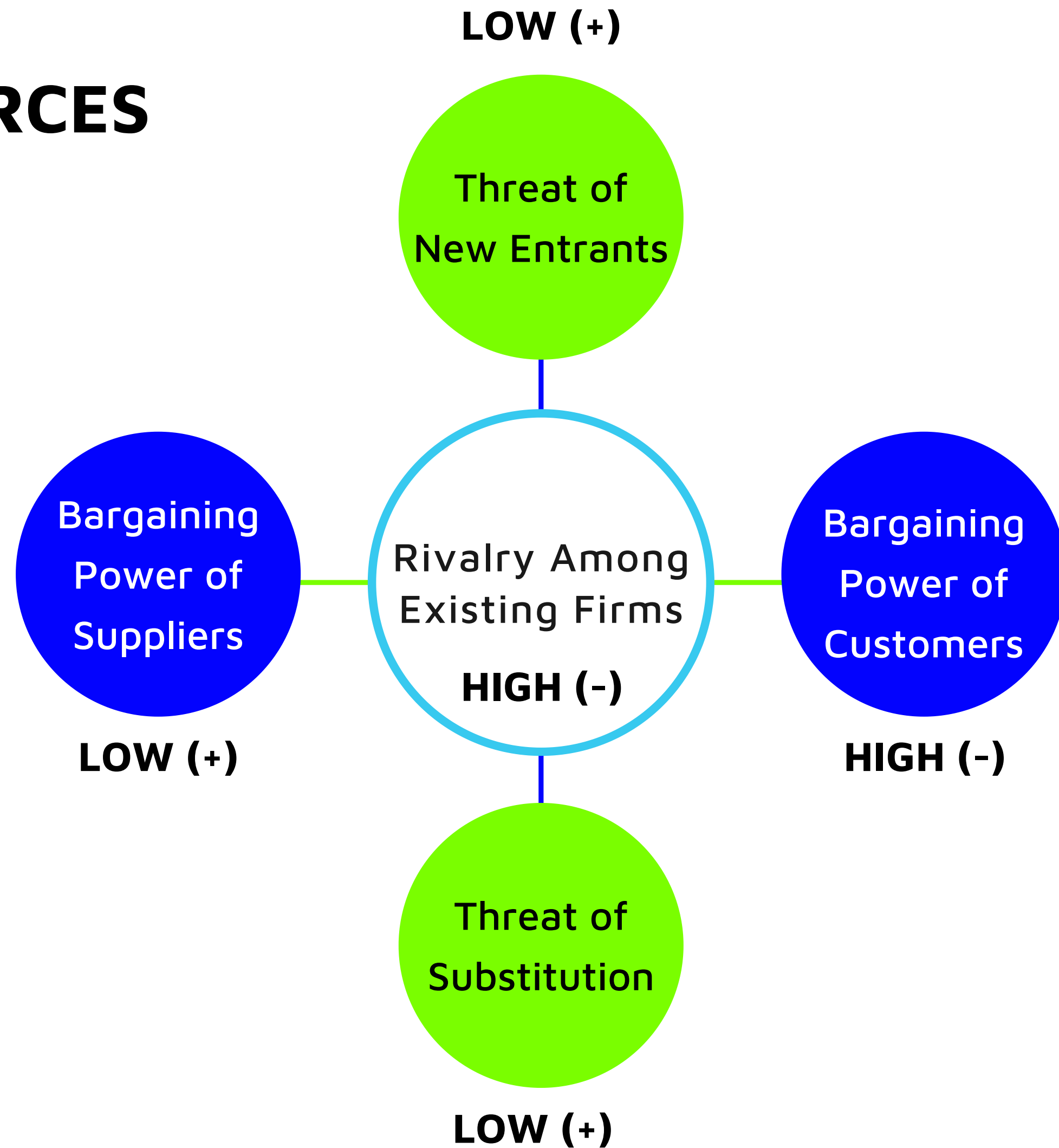
**Zone of
Irrelevance**

**Key
Weaknesses**

- Over-reliance on Main Customer
- Cashflow Management

PORTER'S FIVE FORCES

PORTER (1979)



RECOMMENDATIONS

FOUR ACTIONS FRAMEWORK (KIM AND MAUBORGNE, 1999)



Raise

- E-commerce Website Quality

Reduce

- Lead Time
- Credit Length
- Cost of Sales

Create

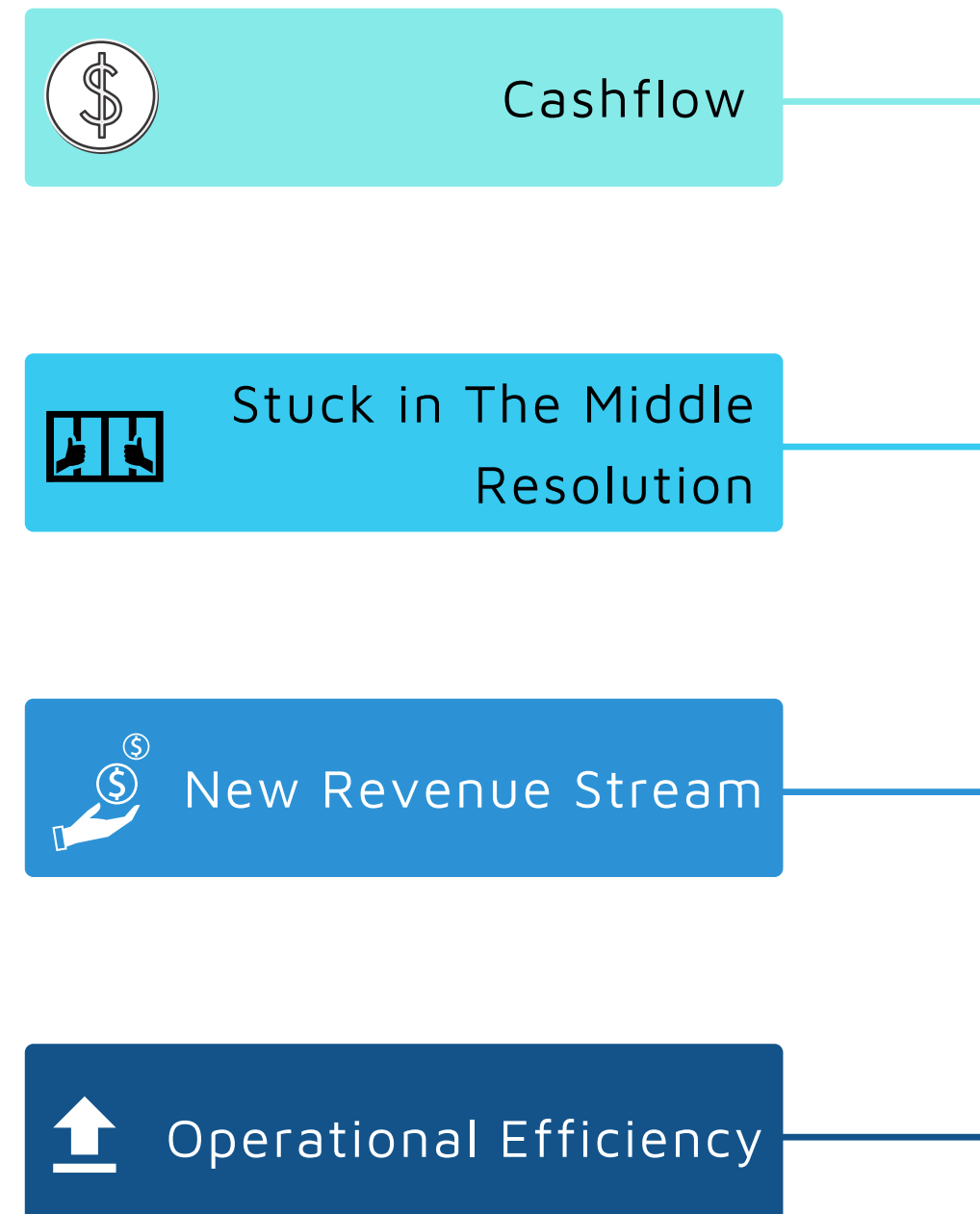
- Supplier and Customer System Integration
- Long-term Supplier Contracts

Eliminate

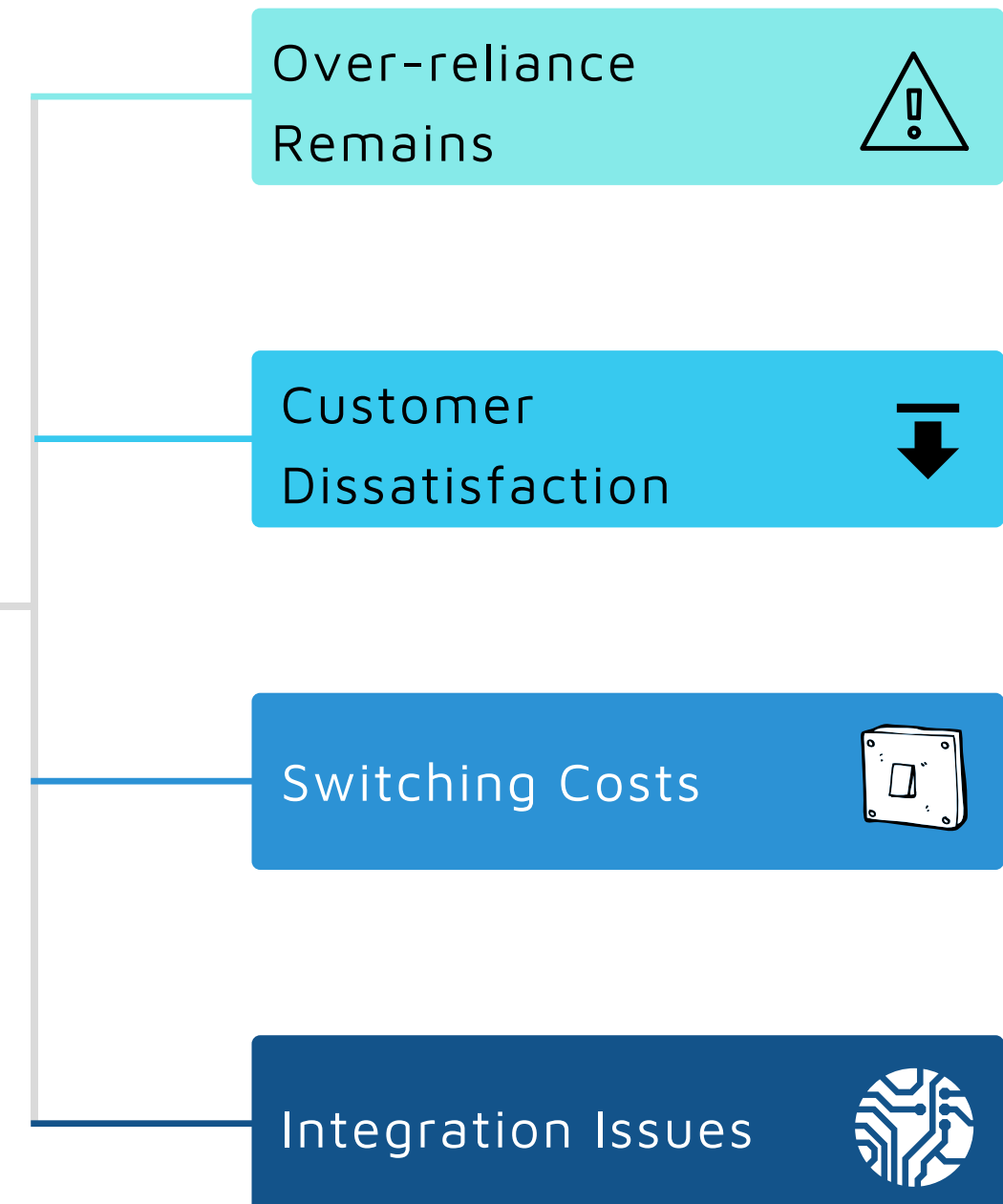
- Special Delivery Service
- Telephone Sales

CRITICAL ANALYSIS

ADVANTAGES



DISADVANTAGES





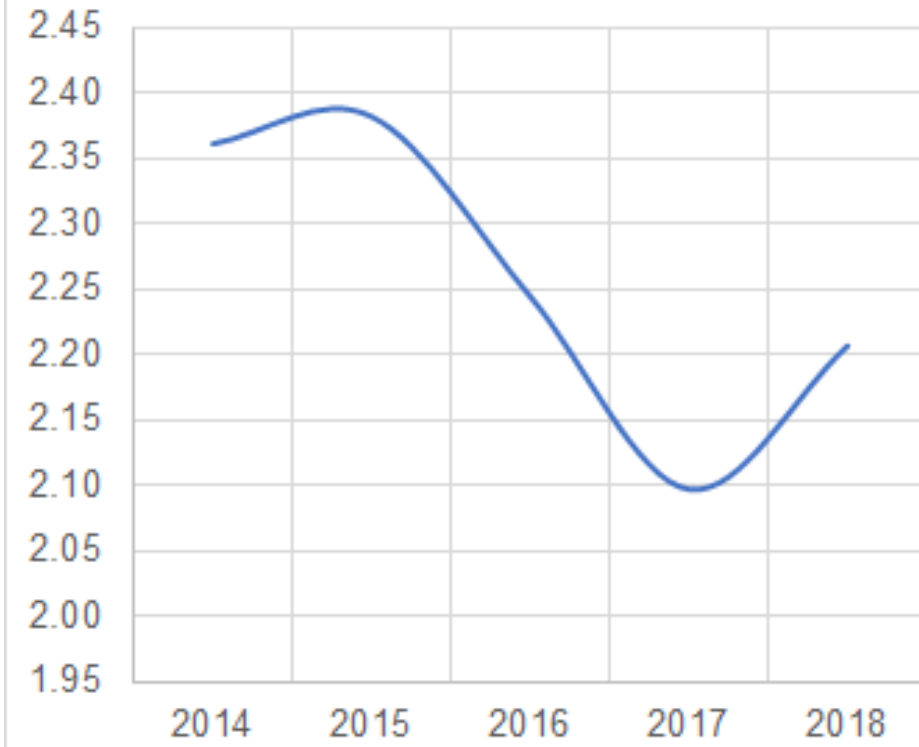
Thank you for listening!

QUESTIONS?

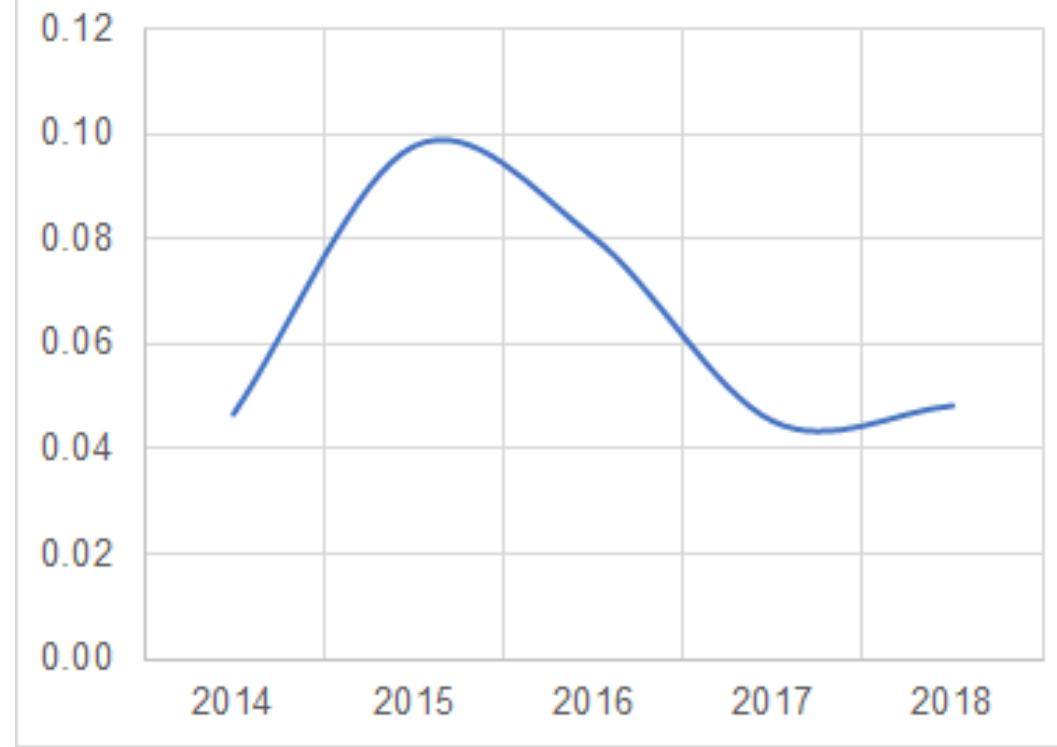
OVERHEAD COSTS



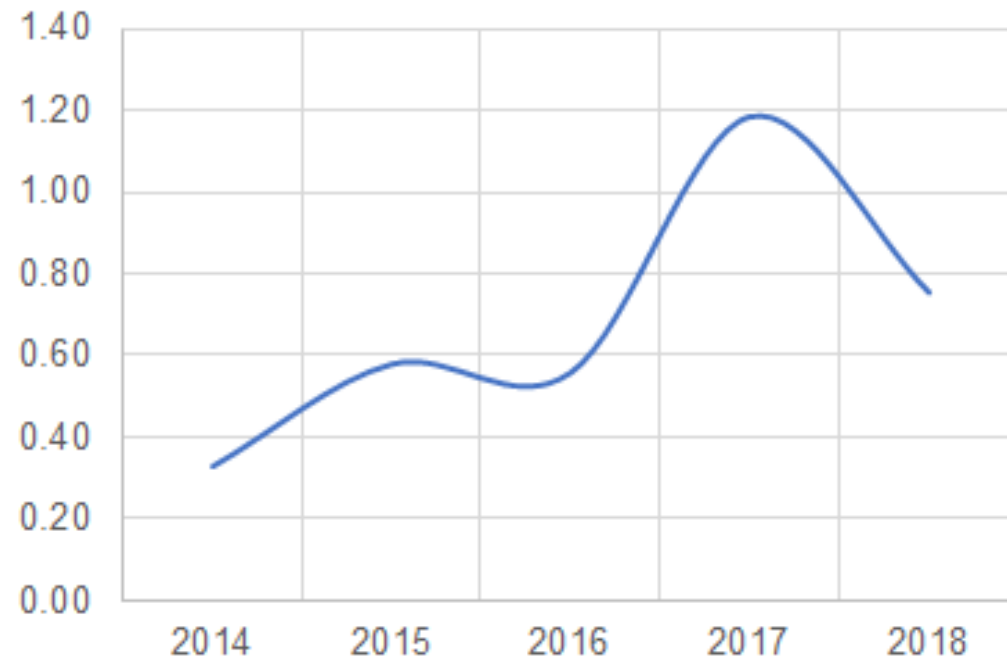
CURRENT RATIO



RETURN ON ASSET RATIO



INVENTORY TURNOVER RATIO



QUICK RATIO

