The Declining British Car Industry – A Case Study of Rover Group

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Abstract

The British car manufacturing industry was one with many international well-known automotive brands. However, its recent development seems to show the once shining star has lost some of its glory.

British car manufacturers have experienced dramatic changes in recent years as global competitors have successfully produced superior products with beneficial external factors such as labour and economic conditions. They face severe challenges in all aspects of business operation, such as production, marketing, and management.

This paper takes Rover Group, one of the best British car brands, as the main body for research. By studying this remarkable British car manufacturer, we can have a better understanding of its local and foreign experience. For example, the partnership with local parts suppliers (Mayflower), the strategic alliance (Honda) and take-overs (BMW) with foreign firms are all discussed in the paper in order to find out its survival instinct in the demanding global market.
1. Introduction

Rover as a car producer initiated in 1904 and has managed to be a symbol to British society throughout the development of industrialization in the 20th century. Manufacturing has been an important factor in the United Kingdom, and the car industry has created a sense of pride to those involved right through all stages of building the product.

Unfortunately, the industry succeeded in creating excellent brands based on previous recognitions, but not solid, independent organizations consistently able to deliver top class vehicles. Before the interwar years, the motor vehicle was a luxury good, bought by the wealthy and produced by relatively small independent craftsmen: small-scale production for limited markets.

For many people the motor vehicle industry symbolises the changing fortunes of the UK economy as a whole. From a position of dominance immediately after the Second World War, the industry is seen as having progressively lost out to competitors from abroad and, in particular, to producers from Germany and Japan\(^1\). British manufacturers have had no option but to intervene either on partnerships or take-overs by foreign competitors that have been able to stabilize and form superiors management techniques with fresh and accurate strategies.

This paper aims to describe how Rover Group periodically lost its competitiveness, under what objective Honda acquired 20% of Rover, and how the new production technique ‘Lean production’ brought in by the Japanese firm was conducted. Also, as research interviews how it was implemented at one of the main local established supplier called Mayflower Corporation plc as part of the Value Chain. In addition, why BMW later on acquired the majority of shares and after four years decided to sell it; and finally a brief analysis of Rover Group strategy.

2. Literature Review

Natural competition involved with no strategy, primarily risk and the laws of probability; competitors found the combination of resources smartly matched, could create different characteristics in the environment. This was no strategy, but the renowned observation of natural selection by Charles Darwin; which is based on adaptation and the survival of the fittest. This pattern exists in all living systems, including business surroundings\(^2\).

Classical economic theories of business competition are so simplistic and sterile, that it has become more an obstacle, than a contribution. These theories postulate a rationale of a self-interested behaviour by individuals who interact through market exchanges in a fixed

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and static legal system of property and contracts. This type of framework would represent a “perfect competition”, which is a theoretical abstraction that did not and will never exist.

In contrast, Charles Darwin’s work On The Origin of Species, published in 1859, outlines a comprehensive point of departure for the development of a business strategy: “Some people make the deep-seated error of considering the physical conditions of a country as the most for its inhabitants; whereas, analysing the nature of other inhabitants to compete with, is generally the element of success”\textsuperscript{3}. This has been precisely one of the miscalculated approaches at British management level in the manufacturing industry in recent years.

According to Michael Porter, world authority in business theory of competitive advantage, states that firms grow by organising and performing discrete activities. For example, operations can be divided into a series of actions such as sales, service technicians, scientists, designers and treasures raising capital.

Companies create value for the buyers through performing these activities. The ultimate value is measured by the amount of buyers who are willing to pay for the products or services. The firm is profitable if the value exceeds the collective cost of performing all the required activities. To gain competitive advantage over its rivals, a firm must either provide comparable buyer value by performing more efficiently than its competitors (lower cost), or by performing a unique way to create greater value and command a premium price (differentiation).

The lower cost factor with the production techniques of Honda, compared with Rover’s outdated mass production, partly clarifies for the competitiveness achieved by the Japanese firm and clearly states the need of Rover for upgrading.

All categories are required in an industry, what Porter explains as the Value Chain. All the activities in the Value Chain contribute to the buyer’s value. For example, activities can be divided into sectors that involve infrastructure, technology, human resources, production, marketing and delivery. Every function employs an input of human resources, a combination of technologies, and assignments of the infrastructure such as general management and finance\textsuperscript{4}.

Strategy guides the way the organisation performs individual activities and formulates its entire Value Chain. Competitive advantage it’s conceived by creating new ways to perform. Therefore, production changes at Rover’s assembly plants should had also been adapted at Mayflower Corporation as an important activity of the Value Chain.

\textsuperscript{3} Ibid; pp 144
\textsuperscript{4} The Competitive Advantage of Nations; Porter, Michael. 1990;pp 40- pp 41
Gaining competitive advantage requires the firm to conduct the *Value Chain* as a system, rather than a collection of different parts. Reconfiguring the *Value Chain*, by relocating, reordering, regrouping, or even emulating activities is often at the root of a major improvement in a competitive position. A company's value, competing in a particular industry is embedded in a larger stream of activities, which Porter defines as the value system. The value system includes suppliers, who provide the input such as raw materials, components, machinery and purchased services.

Competitive Advantage is increasingly based on the function of, how well a company can manage its entire system. Linkages not only connect activities inside a company, but also should create interdependencies between a firm, its suppliers (“Mayflower Corporation”) and channels. Better optimisation and coordination can create an advantage, by smoothly linking the value system.

2.1 The Machine that Changed the World

Lean production has been one of the most far-reaching operations used of organizing concept in post-modern times. Analysts and researchers in academic journals mainly discussed the period of analysing the principle of flexible specialization, new competition, such as Post-Fordism.

In 1990, the book called *The Machine that Changed the World* became a best seller that sent shock waves of panic all through business managers in the manufacturing industry.\(^5\)

The book consists of making the proposal that *Mass Production* is no longer a competitive technique, compared to an energetic set of ideas pioneered by Japanese companies. As they gained market share, based on their superior technique, they were encountering a deadly political resistance. As Western companies didn't seem to be able to learn from their Japanese competitors, they were focusing their energies on erecting trade barriers and other competitive impediments.\(^6\)

The new Japanese technique named "*Lean Production*" was announced by the research project of the International Motor Vehicle Programme (IMVP) from Massachusetts Institute of Technology, which consequently became the publication being discussed. It concentrates on six fundamental elements, which are:

- **Thoroughness** - **Expertise** - **Global outlook** - **Independence** - **Industry access** - **Continuous feedback**

\(^5\) Against Lean Production; K. Williams and et. al Economy and Society, Aug 1992, pp 321

\(^6\) The Machine that Changed the World. By J. Womack, D. Jones and D. Ross 1990;pp 3
These elements were achieved by assembling a team of professional academics and individuals accustomed to the industrial world. Lean Production (a term coined by IMVP researcher John Krafcik) is "LEAN" because it uses less of everything compared to mass production techniques:

Half of the:

- Human effort in the factory
- Manufacturing space
- Investment in tooling
- Engineering hours to develop a new product
- Time

The book describes how the workforce operated during the rise and decline of mass production. A historical analysis that aims to describe how the old system "mass production", Henry Ford's invention revolutionized the world; but had become redundant due to the invention of a superior technique from Toyota.

It became an alarming topic to large American companies such as General Motors, under pressure from the Japanese competition. For example, in December 1991, GM, which was operating 60% of its capacity, announced the decision to close 21 plants and laid-off 70,000 employees.

The plight of big American car organizations raised the political arena of whether and how America might protect itself against Japanese cars; this was openly discussed in business circles.

One of the main features of the new system, which considers on time efficiency and total quality, was develop by observing that in mass production plants, defects were treated as random events. The response was to fix it and hope it would not recur. Japanese engineers instead, instituted a system of problem solving called "five ways". Production workers were taught to trace systematically every error until the problem was uncovered, then to devise a new method so it would never happen again.

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7 Ibid; pp 6
8 Ibid; pp 13
9 Financial Times, 14th December 1991
10 Forbes, 17th February 1992
11 WJR, pp 57
The nature of Womack et al. work is an attempt to define the reason why Japanese car manufacturers had reached amazed performance levels. They succeeded, as tabloid newspapers were informing the general public with statements such as "Lean Production" will change the way people work, finding their jobs more challenging and productive.

In the American literature, which answers the question about the cause and outcome of the competition from Japanese car manufacturers, there is a transparent division between sceptical pessimists and apologetic optimists. For the sceptics, Japanese manufacturers represent unfair competition; nearly half of the American firm's disadvantage of costs is based on higher wages and the burden of health care charges. But the apologists argue: Japanese manufacturer represent greater economic efficiency; productive capability will diffuse; and displaced workers will be re-employed in other industries as markets and managers produce efficient and humane results in the long run.

Toyota has suffered some unexpected declines in its quality, according to the latest Initial Quality Survey from J.D Power and Associates, a benchmark for the industry. The confidently claimed high quality factor of Lean Production should not be taken as a theory that supplies a guarantee cure to the problem, only as an efficient and swift system.

3. Case Study of Rover

The Rover brand has been at the heart of the British motor industry since 1904. The Rover Group is also heir to the traditions of many other famous British car brands that have become entwined over a century of car manufacturing. Each of these marques has contributed to the history of the British motor industry.

From the early days of the Rover Car Company in Coventry in the heart of England, the brand has been renowned for innovative design and high quality. The early Rover cars quickly built an excellent reputation offering affordable, small popular cars as well as the medium sized cars for which the company became more famous.

Rover used the motto ‘One of Britain’s Fine Cars’ from the 1930's to the 1950's. Careful design, elegant styling and quality manufacture brought the marque to the forefront of Britain's car market.

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12 Against Lean production; K Williams et. al, Economy and Society, Aug 1992, pp 322
13 The Case for Saving the Big Three; C. Prestowitz. Economic Strategy Institute, 1991
At senior management the ethos was imbued with an inherent belief in the superiority of the product and the unquestioning loyalty of the market. All the company had to do was make cars\textsuperscript{15}.

In the 1950's the British car manufacturing industry main brands joined and created BMC (British Motor Corporation). In 1968 the entire industry had been fused into another even larger organization called British Leyland, under which several marque brands were competing with each other and creating a divisonalised structure. In 1975 BL effectively went bankrupt and had to be rescued by the government and nationalizing it.

During the 1970s the Austin Rover Group, part of BL, also came very close to extinction. However, it would not be unfair to say that while it has survived and to some degree has also prospered, it has not achieved the same level of commercial success as the other two companies (Honda and BMW), which must be a reflection of its working culture\textsuperscript{16}. 80% of Rover Group was owned by the government until it was privatised in 1988; sold cheaply (£150 million) to British Aerospace.

3.1 Rover and Honda

With operations already established in North America, at this time Honda was looking for ways to expand even further into Europe. Meanwhile, the Austin-Rover Group was in serious trouble. Short of investment funds and beset by management problems, it desperately needed new models and an efficient way of working. These were commodities Honda could supply\textsuperscript{17}, so the Japanese firm decided to acquire 20% of Rover as a new venture in the European market.

The companies signed a joint model development policy deal in 1979. Austin-Rover's most immediate problem was for a new model to replace the Triumph Dolomite. The answer was to build a version of the Honda Ballade. Around 80% of the content was British, with engines, transmissions and some mouldings brought in from Japan. The Triumph Acclaim was a much-needed immediate success, thanks to its fit, finish and, above all, reliability. In the meantime Honda and what later became the Rover Group were working on the next model. On the financial side, Honda and Rover took a 20% equity stake in each other.

\textsuperscript{15} The Economist, 26\textsuperscript{th} Nov 1966."British Motor Corporation the commercial crunch".
\textsuperscript{16} Cultural Differences and Business Process Models; J M. Cullen and J N. Stephenson. Business Processes Resource Centre, Dec 20\textsuperscript{th} 1995;
\textsuperscript{17} Editors, “Honda History” www.autocluster.com
Examining the working relationship between Rover and Honda, the alliance was formed in 1979 when a license was granted to build the Triumph Acclaim as an interim measure, filling a gap in Rover's product range. One of the reasons for this course of action was that at that time the two manufacturing groups were approximately the same size. The relationship developed and the Acclaim was replaced by the Rover 200. This used a Rover engine, which required a substantial re-design of the vehicle, with Rover gaining an excellent understanding of Honda's engineering methods and technology.

In 1985 a group of senior managers from Rover visited Honda's factory at Ohio in the USA and observed Americans working with American management, but delivering the levels of quality and productivity that were previously only associated with Japanese manufacturing culture. This immediately created the recognition that Rover could learn a great deal through this cross-cultural experience in the US, from its Japanese partner. However, although the development project was not an entirely happy story, Rover did indeed learn a number of valuable lessons. One was that as Rover was still working as a functional organisation, at each stage in the project a different individual had to deal with engineers at Honda. 18

Further co-operation followed on the Rover 800/Honda Legend and Rover 600/Honda Accord projects. Rover learnt much about improving production efficiency and build quality, while the Rover engineers' flair for innovation and design attractive to the European eye was an ideal fit with Honda's relentless drive for excellence.

Observing the success of these projects, Honda decided on further investment in the UK, and engine production started at the new Swindon plant in 1989. At this stage the Honda Concerto was built by Rover but finished at Swindon with a special bonnet pressing.

British Leyland, forerunner of Rover, led the world in low investment and poor products. With state aid pumped in by the government, and subsequently the alliance with Honda, the company reduced its workforce from 89,000 to 35,000. New technology accounted for 30-40 percent of this drop though the period was one of falling sales and output throughout the British motor industry. But between 1980 and 1988 the productivity of Rover workers, cars per hour of labour, rose by 250 percent. The company identified 40 percent of this as coming from new technology and the rest from 'management', 'factory practice,' 'work systems'--getting workers to work harder. Rover workers' productivity rose from 5.9 cars per worker in 1978 to 17.5 in 1989. It took 12-16 hours to assemble a car body in 1978, four hours in 1982 and 2.8 hours in 1990 19.

As the new productivity system was developing and apparently achieving superior outcomes compared with previous production figures, the term ‘Lean Production’ had also to be implemented at parts suppliers of Rover. The introduction of a totally new concept at

18 Ibid; pp 5
an important sub-contractors ‘Mayflower Corporation’ responsible for manufacturing bodies and panels, encountered different reactions at production and managerial levels.

![Diagram of Honda’s Lean Production Practices with Rover](image)

**Fig. 1 Honda’s Lean Production Practices with Rover**

### 3.2 Mayflower Corporation plc

Mayflower Corporation is a British world-class engineering group with design, engineering and manufacturing skills. It employs 6,000 people in the USA, the UK, Germany and the Far East. MVS (Mayflower vehicle Systems) based in Coventry, UK is responsible for manufacturing panels for Rover Group.

MVS does not only manufacture panels and bodies, but also designs and engineers projects that can be manufactured elsewhere. This division of Mayflower has the ability to carry out all steps from initial concept to manufacturing. These research interviews aim to comprehend and analyse thoughts and the development of ‘Lean’ at an important sub-contractor of Rover Group.

#### 3.2.1 Production Level Interview

Mr. John Haughian is a senior plant manager who has been working since 1975. His experience and knowledge of all activities is well respected. He is a key figure for the quality and productivity of operations. Throughout his years of working, he describes how Mayflower bought out a conservative family business that failed to keep profitability in 1990.

The interviewer started the discussion by stating “The concept of Mayflower is to seek growing business opportunities capable to provide substantial growth”. The statement was not welcomed, due to the difficulties of competing in the vehicle panels production market, and expressed the concern of the workforce, as the job is insecure and inefficient.
Mr. Haughiun mentioned that:

- Quality control consists of processes, check lists and a continuous inspection to avoid defaulted goods so does not reach the customer. Unfortunately it constantly fails, because there are no strong and organised quality teams that have the empowerment to stop production and rectify a process. Before there was a CIP (constant improvement programme), but it was simply a smoke screen. It was not continuous, so failed very quickly and no effort was placed to follow it through. It terms of production techniques Mayflower is very backward, and co-ordination to solve problems at the production are a long way from perfect. This is a quick fix policy. Senior level management have discussed about production systems such as kanban, JIT (just in time) and lean production, but Leyland, invited several production managers to attend a ‘lean enterprise’ programme, which was welcomed and attended, but once again there was no commitment from the management.

- The management directors know that there is a lot of improvement to be done on the site. There isn’t sufficient investment tooling, as poor quality was inherited from customers, so constant modifications are needed to make it work. If Mayflower invests in tooling, efficiency could be achieved.

- Every week production managers are told to reduce costs, seek new ways of reducing the time spent on different projects in the factory. Even demands to economise electricity and manual tools. But the problem is the amount of reworking on obsolete tooling that has to be performed, in order to produce imperfect products; so extensive labour and time is required to rectify faulty goods. A major investment in updated tooling would create large savings and efficiency.

- The directors and executives of Mayflower are solely concern to satisfy the shareholders. After the take-over all these problems have occurred. Before, there was a better structure and better communication in the company. The site was always profitable, but other companies owned by the former employer, were loss making, so eventually brought this site down. There is neither job satisfaction nor security in this site.

### 3.2.2 Management Level Interview

Mr. Mike Brown is the Engineering Directors of Mayflower Vehicle Systems (MVS). His responsibilities consist of making crucial decisions within this division. His perspective is of a senior level, concerning with issues related with the future of the site rather than manufacturing activities.
Mr. Brown mentioned that:

- Based on the question presented by stating that the nature of the work performed is reaching high levels of maturity, and Mayflower is looking for businesses with the capacity of high growth rates; Mr Brown explained that the division is no longer the main player but still contributes a huge percentage of the overall profits. Because Mayflower appears to be an acquisition driven company, it might seem to be that there has not been any organic growth, but the truth is that MVS has grown significantly. This has been achieved by generating more business.

- The impression from the shop floor that there are problems in finding new business is misconceiving. The whole operation is designed around generating new businesses, engineering new projects for customers and bringing them into the market place either as internal manufacturing projects or non-Mayflower manufacturing sites. A large proportion of the work generated does not create manufacturing projects. The core definition of the business is producing specialist-engineering work for car companies.

- MVS is very profitable and we are working hard to continue expanding in this niche market. Ideally the projects start at an engineering level and move on to manufacturing. There aren’t any incentives to be in a scenario of a redundant manufacturing site. We are in a unique position as we have the capability to perform all steps in house. The ultimate strategy is to engineer what we manufacture.

- It is acceptable to think that are pressures imposed on the business to satisfy shareholder value. Everyone who is employed is conscious that there is a priority to deliver profits. The business is geared to satisfy those targets.

The approach from both interviewees differs enormously. Mr. Brown openly agrees with the necessity to create wealth for the benefit of shareholders, also views the division from a strategic position, where manufacturing enhances the most successful part of the division. The investment in tooling, which was mentioned by Mr. Haughian, is considered to be an asset to Mr. Brown rather than a priority. The ability to make projects happen at a relatively small investment is an important part of the attractiveness of the division in the market place. The division’s advantage is the ability to perform OEM’s projects.

MVS certainly has the capability to react and repackage itself according to the demands in the market. That flexibility is the driving force behind the operation. There have been various attempts to implement productionist processes in recent years, but due to the nature and volume of the manufacturing performed; this has proved to be not fundamental to the development of the division. Attempts to tackle quality issues at corporate levels have resulted to be a failure, and this is corrected by bodging errors.
Unfortunately, by investing in production and achieving to deliver a flexible ‘Lean Production’ system has been and shall always be at managerial level as a cost not worth investing regardless of customers new updated attitudes to production. Production employees are forced to find best ways of delivering products with high quality, good timing with almost non-existent investment.

3.3 Rover and BMW

Although BMW has been a global company in its sales, it has been essentially ethnocentric in its approach to production and marketing. Its internalisation for production outside Germany was fairly limited, with production plants in Austria and the United States. In 1994 Rover Group was sold to BMW for £800 million; and the 17-year collaboration with Honda ended.

Honda's European strategy suffered a setback in 1994, when BMW made a preemptive strike and bought Rover from British Aerospace from under the nose of Honda. Honda was taken by surprise. It did not want to buy out the British company but would have been prepared to deepen co-operation further. As it was BAe preferred a quick sale. Events would later prove - to Rover's cost - that BMW's strategy was fatally flawed.

BMW bought a company; Rover that had a track record of losing money since the 1970’s whether incorporated into British Leyland, or in partnership with Honda, Rover was decidedly on its knees at time of purchase.

There were apparently obvious benefits to both BMW and Rover in the deal. The logic of the deal from BMW’s perspective would seem to stem primarily from the opportunity for its entry into different market segments of the auto industry with the acquisition of important new brands such as Land Rover, Austin and MG. Particularly Land Rover was a highly prized name that was profitable in a recognized segment market. BMW considered the investment as a relatively cheap access to small car markets without diluting their own name. The German firm already had premium products in the upper niche of the market with high profit margins. Nevertheless, their brand had reached economies of scale in the upper niches but growth opportunities were limited. Rover was attractive and provided excellent horizons for expansion.

For Rover the deal provided great advantageous. For example, BMW’s distribution network could give opportunities for extra sales of units per year. Also, technical and

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20 BMW’s acquisition of Rover-Honda Group”. S.Sangivan, H.Wdchtet Trier Uni. Germany 1994
21 Editors, “Honda History” www.autocluster.com
22 The BMW-Rover story. www.automobear.com 1st May 2002
manufacturing support as well apparent new investments for product development and R&D. This could have given Rover excellent economies of scale by integrating distribution, purchase of components and services activities\textsuperscript{23}.

As previously mentioned, productivity is the key to Rover's survival. Even with the German firm with its respected pedigree, mandating Rover, the figures for the Longbridge plant were looking bad. A 1998 survey showed the plant produced just 33 cars per worker annually. In comparison, the Nissan factory in Sunderland, which is at the top of the productivity league, churns out 98 cars per worker each year\textsuperscript{24}.

When BMW took over, Rover achieved 15\% of the market share in the UK. Soon after Rovers lost popularity until the brands name dipped to 10\% and then it was a free fall decomposing to around 5\% of the market\textsuperscript{25}. Nevertheless, even though Rover was losing £2 million a day, BMW publicly assured that had no intentions of abandoning and would persist and turn its fortunes round\textsuperscript{26}. For a car manufacturer of this level a 10\% market share are signs of decay, so understandably in March 2000 BMW had enough and decided to break up the company.

Ford Motor Company took the only division making healthy profits with modern plants and excellent engineering centres, which was the Landrover brand. BMW, meanwhile decided to keep Rover's modern plant Cowley for itself, where the new Mini is built and took the brands of Riley and Triumph. Rover Cars with the Longbridge plant, and the MG brand were sold to a British investor called Phoenix Consortium.

It would be reasonable to question why BMW didn’t also keep the profitable and well-operated Land Rover? Interestingly, the same year the new BMW 4wd “X5” was launched and clearly states their decision to compete with their own brand. Also, for the small vehicle market the German firm chose to use the nostalgic Mini to compete with Volkswagen's New Beetle.

### 3.4 MG Rover Group

The departure of BMW was a shock to the government and the trade unions. The alarming news represented the closure of Rover Group altogether and creating 24,000 unemployed workers instead of cars. A solution might had been for the government to subsidies once again the sick car manufacturer if no investors showed any intention to take on the task of reviving the company.

\textsuperscript{23} Editors, Automotive News. 4\textsuperscript{th} Feb 1994
\textsuperscript{24} Editors, The Rover breakdown BBC News, 2\textsuperscript{nd} May 2000
\textsuperscript{26} “Rover rises from the ashes” David Howell. Professional Engineering. Vol. 113. 18\textsuperscript{th} Oct 2000
As in terms of brands, Rover and MG were the only brands left with potential appeal after the Germans retreated. Fortunately in May 2000 a British company called Phoenix Consortium decided to purchase, which was of great relief not only to the government and employees, but also for English enthusiasts as it was a new British owner.

Phoenix wants to keep high volume car production at Longbridge, producing up to 250,000 cars and it says it could be profitable by 2002. The decision to continue manufacturing without any guarantee of potential customers and achieve profit so soon is rather optimistic. The company has repositioned itself as a value orientated mainstream brand, which suggest a price strategy and making more and more MGs at Longbridge by developing an extensive MG product range alongside the Rover range says Nick Stephenson, deputy chairman of MG Rover.

Part of the trouble with Rover was that it had a poor image, not so much for bad quality, but rather for being dull and staid, more for the older person than the younger. In short there was nothing sexy about the brand or a reason to buy one. Rover as a brand has been declining for several years. It has tried to recover the past glory without truly understanding changes and the appetite for motor vehicles in the market.

The objective to produce 250,000 cars in two years and compete on the price strategy mentioned above, this could jeopardize the investment required for R&D for future models in niche markets particularly for the MG brand. Nick Stephenson also comments: plans of having the two assembly platforms to continue production current models until 2006 and build the third platform and it preferred via a collaborative venture. A major player has approached us and the firm is discussing for the venture. Obviously, it is obvious that there aren’t adequate expertise and sufficient funds for MG Rover to expand without foreign manufacturers. The deputy director continues by stating that the Longbridge will be building eight models and with a very large range of products and a very concentrated operation “frankly, we can’t see how we can fail”.

MG Rover Group with the new management team is making the same mistakes made in the history of British car manufacturers. The idea of producing and increasing the models available will simply saturate a market that can choose from various other brands that are well recognized with good reputation of design and quality. The firm should reduced volumes with smaller range of products and reduce the work force.

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27 Editors, Can Phoenix turn Rover around? BBC News, 9th May 2000
4. Conclusion

The literature describes a fundamental concept of the Value Chain by Porter as a methodology to clearly analyze the unresolved issues of Rover and Mayflower Corporation alike as part of the value system. Lean Production of “The Machine that Changed the World” briefly describes the history of the concept-system, as it is described as a prime issue during the case study.

Rover is a company that has not been in a sufficiently confident position to gain from the relationships with foreign firms. It has inherited the need for competitors observing the weaknesses of the company and totally dependent with any aid for their survival.

The Rover-Honda experience was an excellent opportunity for truly understanding not only the techniques of Lean Production, but also the six fundamental elements mentioned in the literature. Also important sub-contractors such Mayflower Corporation, had several opportunities to change their philosophy not only at the production but also at managerial level by incorporating new and thorough feedback between employees needs for upgrading in the site, rather than continuous demanding to save electricity in trivial costs. Mayflower also had the chance of becoming fully integrated into the system of production with Rover and achieving a better relationship with their needs and observing new projects form scratch.

The good times for Rover are: as long as someone pays the bill and keeps production running, the tendency for comfort is triggered and motivation for improvement fades away. The bad times occur when production stops until someone gives a hand, but the meditation of considering where the origins of the problem lay, doesn’t seem to be the dilemma.

MG Rover Group should go back to its roots and concentrate in differentiating their own niche market. To find the right strategy and implementing it could develop a fundamental independence to compete successfully in the global market. The state of mind that the UK market is the prime and main source for sales for the MG-Rover brands and targeting on a price strategy is certainly a miscalculation of the complex global car market.

More employees on Research & Development would be essential and redundancies at the production level would be a short pain instead of another dramatic closure. To differentiate, by using the unique traditional British craftsmanship enthusiasm and building good retrospective styles, quality design with smooth and reliable engineering for the MG-Rover brands.
If a coherent and effective strategy is not executed, another closure is ahead. Loses are still rampant and the wishful thinking of a better future shall never come.

References

英國汽車工業的近況分析 - 以 Rover 汽車公司為個案探討實例

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摘要

英國的汽車工業曾經是國際馳名、並擁有相當多知名品牌的世界級產業，然而近幾年的發展似乎使得這一塊明星產業有了相當不一樣的發展。隨著全球競爭者的激烈競技，不論是生產、行銷、管理等各個層面，英國汽車製造商所面臨的壓力與隨時變化的環境前所未見、並時時挑戰著這些製造商們是否能就不同情境應變之能力。

本文即以英國汽車工業中之代表品牌之一，路華 Rover，作為個案研究的主體，探討其在這一波波的外來壓力浪潮下的經歷。包括例如被購併的過程（BMW）、或與外來廠商（Honda）的策略聯盟經過、以及與自身零件供應商（Mayflower）的合作關係等。