Analysis of Business Strategies for the Development of Fortune 500 Enterprises

-- A Case Study of BYD Auto Company

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Abstract. With the rapid development of the automobile industry, a series of energy and environmental problems follow, so the development of new energy vehicles will be included in the important agenda. However, compared with the advanced countries in the world, China's manufacturing industry still has a certain gap, and transformation, upgrading and leap-forward development are the top priorities of China at present. Developing manufacturing industry is the need of China's gradual prosperity and production in the international market competition. Its strong vitality comes from innovation, first-class quality, healthy development, structural optimization and quality production. In China, 65% of urban environmental pollution, 25% of carbon dioxide and 70% of toxic gases come from automobile exhaust, which is the main source of PM2.5. In the face of energy crisis, climate change and serious environmental pollution, it is urgent to vigorously develop new energy vehicles and accelerate the construction of a "low-carbon transportation system". This paper studies and selects BYD Co., Ltd. as the enterprise, mainly from the perspective of strategic management, using the current market situation and the financial strategy analysis that the enterprise has made to explain the problems faced by the enterprise when formulating the general direction of development. In view of the above problems, the implementation and guarantee of the development strategy are proposed.

Keywords: Top 500 Enterprises; Business Strategy; BYD Automobile.

1. Introduction

Automobile industry is an important pillar industry of China's national economy and plays an important role in the development of national economy and society. By the end of 2008, the number of cars in China had reached billion, the growth rate had exceeded that of the end of 2000, and the number of cars in China had doubled compared with the data of 10,000 at the end of 2000 [1]. BYD Co., Ltd. is a private enterprise in Chinese mainland listed in Hongkong, referred to as BYD for short, that is, "buildyourdream", in order to interpret its corporate culture: achieving dreams [2].

In the automotive field, BYD has also developed environment-friendly and energy-saving new energy vehicles in addition to traditional vehicles. On the one hand, it has found new energy to replace oil, a non-renewable resource, and on the other hand, it can solve the environmental pollution problem caused by traditional vehicle exhaust emissions [3]. As a private new national independent brand, BYD has maintained a high growth rate of over 100% for five consecutive years! 2009 was the best year for BYD to enter the automotive industry in the past eight years: it achieved a production and sales scale of 450000 cars, including 290000 F3 cars, becoming the sales champion of single model cars in 2009, far exceeding the 240000 Jetta cars, the second place; BYD has also become the largest winner in China's automobile market, with its market share increasing 2.33%, and its total share is only second to Chery Automobile, the leader of its own brand [4]. It is also a strategic measure to accelerate the transformation and upgrading of the automobile industry, cultivate new economic growth points and enhance international competitive advantage. This ranking not only reflects the development scale and operating performance of large enterprises in various countries, but also reflects the comparison of economic strength among countries. Therefore, more and more people pay attention to it [5].

As a big developing country, China should have more Fortune 500 companies in order to become a world economic power. The development of new energy automobile technology can not only reduce carbon dioxide emissions, but also have a profound impact on energy conservation and environmental protection, and also make important contributions to the healthy development of society [6]. The production and popularization of new energy vehicles will provide tens of thousands of employment opportunities, bring new economic growth points to cities, and at the same time drive the rapid development of a large number of related industries and promote the sustainable development of the national economy. It is expected that in the near future, the sales of new energy vehicles will show a high-speed development. New energy vehicles are not only energy-saving and environment-friendly, but also can effectively improve air pollution, and the use cost is low, which is a new choice for many consumers. As the leading independent automobile company in China, BYD entered the new energy automobile industry first, and made great achievements, which contributed a lot to the improvement of the overall automobile industry level in China [7].

According to the different industrial strategies, power battery technology development and research priorities of business department management of the enterprise and general automobile companies, this paper will use strategic analysis tools to conduct quantitative analysis, and then establish the overall development strategy and business level strategy of BYD enterprise.

2. Theoretical Overview

2.1 Overall Development Strategy of the Company

BYD's competitive strategy is "to become the No.1 automobile manufacturer in China in 2015 and the No.1 automobile manufacturer in the world in 2025". When BYD first entered the automobile industry, it put forward the "333" strategy: the first three years laid a solid foundation [8]. Implementing a series of quality projects is another important means for BYD to effectively improve its quality. BYD's automobile industry cluster has two quality improvement projects, namely "741" and "OPN", each of which has a clear purpose and clear target. Track the cause of the problem, find out the cause from the manufacturing process, and take corresponding improvement measures for the cause of the problem. Through process improvement, a series of improvement works have been carried out successively, such as improving the control plan, reducing the management loopholes in the production process, improving the training system of employees, improving the quality awareness and operational skills of employees, standardizing the operation instructions, and standardizing the operation process [9]. To reduce costs, Michael Porter has the following suggestions: build a considerable manufacturing infrastructure and try to reduce costs; Control directly related to production costs and expenses; Minimize the cost; Do a good job in controlling the cost and management expenses; Save the cost of marketing and service. Economy generally includes the following two contents: macro environment and micro environment [10].

The macroeconomic environment is better reflected in the national gross national product represented by the above indicators and its changes, population and economic development trend, as well as the national economic development speed and technical level reflected by the above indicators. The microeconomic environment is more reflected in the deposit, income level, employment level and other aspects of the major consumer groups in the region where the company is located and within the industrial coverage. Based on the above analysis, we can conduct a comprehensive, systematic and accurate research on the situation of our own enterprises, transfer all kinds of resources owned by the enterprises to the direction where the enterprises have development opportunities and advantages, and draw a series of decision-making conclusions. In SWOT analysis, S represents internal advantages, W represents internal disadvantages, O represents external opportunities, and T represents external threats. At the same time, it also includes two areas: first, the analysis of the advantages and disadvantages within the enterprise. The enterprise conducts a detailed understanding and analysis of the internal environment according to its own conditions. Second, the analysis of the opportunities and threats of the external environment. Most enterprises systematically investigate and

analyze the overall external market environment. The core competitiveness brings about the expansion of enterprise scale, and the scale advantage strengthens the core competitiveness of enterprises. Therefore, in the face of fierce international competition, Chinese enterprises can only succeed if they pay attention to highlighting the advantages of the main industry, defining the scale and industrial boundaries of enterprises, strengthening the cultivation of their own core competitiveness, and forming specialized scale advantages.

2.2 Theory of Technological Innovation and Creative Destruction

Relying on years of technology accumulation, sea tactics and vertical integration manufacturing methods, BYD should merge and acquire relevant automobile companies that have mastered the core technologies, so as to use the relevance of customers and the connectivity of technical principles to accurately grasp the connection point between battery and mobile phone components and the automobile industry, and implement relevant diversification strategies. Among them, "creative destruction" is Schumpeter's most famous viewpoint, which is the basis of his entrepreneur theory and business cycle theory. BYD's development strategy is "based on new energy and technology, controlling upstream enterprises, constantly improving product quality requirements, and doing everything possible to save costs". Based on new energy technology, not only will automobile development occupy a high place in the future, but it will effectively make up the technical gap between independent brands and international automobile giants. Moreover, new energy technology will greatly enhance BYD's brand and attract cooperation and investment from international giants, which will play a very important role in BYD's long-term development.

At present, China's dependence on oil imports is increasing, but the world's total oil volume is declining. In addition, unstable factors in oil producing regions continue to ferment, and oil prices fluctuate violently and continue to rise. Therefore, from a comprehensive perspective, China's oil problem is not optimistic. It is estimated that by, China will need billion tons of crude oil a year, of which automotive oil will account for the country's entire oil consumption, and the dependence on crude oil imports will reach. Therefore, while cars bring us benefits in all aspects, it cannot be ignored that one day we suddenly find that the sky is not blue, the water is no longer clear, and the air is not fresh. All these crimes seem to point to cars. Therefore, new energy vehicles refer to vehicles that adopt new power systems and are driven entirely by energy. In line with this new energy trend, China has continuously introduced new laws, regulations and policies to support the development of new energy industry in recent years.

3. BYD's Strategic Analysis and Operation

3.1 External Macro Environment Analysis

Problems such as high macro-economic growth rate, world energy crisis and environmental pollution will follow one after another. This is a strategic development industry supported by the government, which reflects the medium and long-term growth trend. Automobile industry is the main part of the national economy. Electricity, wire, exploration and sharing are becoming the trend of the automobile industry. Unconditionally support the national new energy policy and combine rewards and punishments to promote long-term economic progress. The main factors are the stability of the global economy and international trade activities, the slowdown of national economic development and other factors, as well as various external influences, with the policy-driven transformation to market-driven, and the pressure on automobile enterprises is increasing. A well-funded automobile enterprise has strong self-healing ability. After the reform and opening up, China's GDP index has increased at an average annual rate for years, and it is the fastest growing economy in history. The population structure of China is undergoing great changes, and the urban population has already exceeded by. With the continuous transfer of rural population to cities and towns, the quality of population and consumption power have been continuously improved, and the per capita disposable income has been continuously increased. As shown in Figure 1.

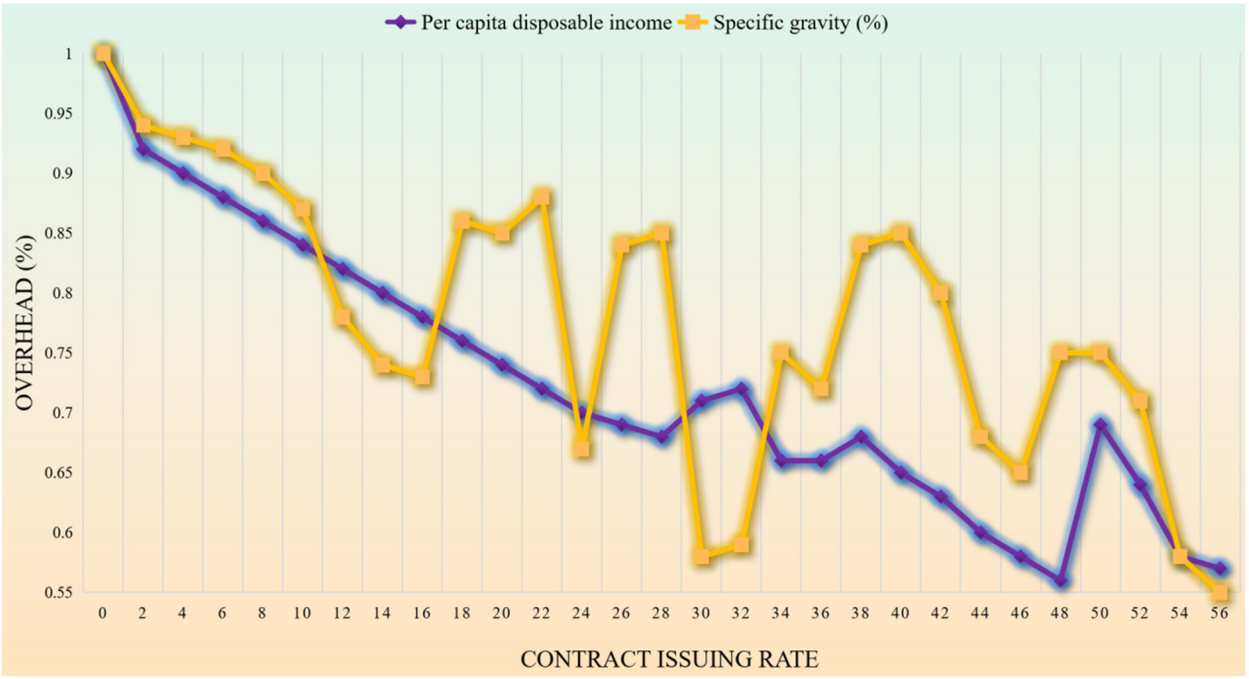


Figure 1. Proportion of population urbanization and per capita disposable income

Despite the rapid growth of China's car sales in the past decade, the car ownership per 1000 people in China is still at a low level according to international standards. In this case, the number of passenger cars per thousand people in China will exceed the current level by twice in the next few years, that is, by. This development prospect is similar to the experience of other emerging economies in Asian markets, such as Taiwan, China and South Korea. At the same time, it is also faced with the risks of slowing down China's economic growth in the future, rising energy prices and environmental constraints. BYD enterprises attach great importance to R&D and invest heavily in R&D. The R&D cost of new products is relatively high. Many new R&D technologies are not perfect, and some enterprises with less R&D investment are not competitive. In terms of new energy vehicles, there are many manufacturers of hybrid electric vehicles in China.

3.2 Analysis of BYD Auto Business

BYD's relative market share is low. As we analyzed earlier, BYD's sales volume has been declining in recent years. However, from the macro-economic environment, China's economic development and car ownership are on the rise. Therefore, under this background, BYD's car business should not be cut off. Although its current market growth rate is not optimistic, it does not mean that its market growth rate will always be at a low level. Although new energy is the trend of the times, it is impossible to develop rapidly only in the current situation. The root cause lies in the small market demand, inadequate supporting facilities and short-term impossibility. Therefore, by comparing its own advantages and disadvantages, BYD can focus on the vast rural areas and develop low-end cars, so that it can seize a larger market share. Because with the economic development and the rapid expansion of urbanization, the number of migrant workers is on the rise, and the demand for cars in the vast rural areas is also increasing. However, considering the conservative lifestyle in rural areas, only low-end cars can be developed in rural areas. For those foreign cars and other domestic cars that take the high-end route, they really disdain to compete. Just because of the demographic dividend and per capita income of China, the low-end market is pregnant with huge market potential.

In order to reassure customers, experiential marketing, also known as experiential service, is recognized as a better method in the industry. Although BYD provides online booking test drive, the procedures are relatively cumbersome, and this aspect needs to be improved. As a leading vehicle manufacturer and battery manufacturer in China, BYD has taken the lead in actively deploying China's new energy vehicle industry since 2005. In 2008, it released the first new energy plug-in

hybrid model F3DM in China, laying the foundation for the rapid development of China's new energy vehicle industry. By 2014, the increase of national financial subsidies and the launch of new series of products after the three-year adjustment period of enterprises complied with the favorable conditions of time, place and people, and really opened the door to the development of China's new energy automobile enterprises. As shown in Table 1.

Table 1. Business revenue of new energy vehicles from 2014 to 2020

Year	Revenue amount	Growth rate	Proportion in auto business income	Proportion in total income
2014	12.15	0	4.44%	2.3%
2015	75.26	600%	25.66%	12.5%
2016	168.36	165.22%	48.97%	22.4%
2017	336.26	88.45%	60.22%	33.6%
2018	385.16	15.26%	68.95%	36.8%
2019	552.42	33.25%	68.59%	40.1%
2020	448.59	-26.85%	63.52%	33.1%

In 2014, BYD's new energy vehicle business revenue was only 1.221 billion yuan, accounting for only 2% of the total revenue. In 2015, it reached 7.328 billion yuan, accounting for 12.59% of the total revenue, an increase of about 6 times. In 2019, in response to the gradual reduction of government subsidies, BYD started a brand-new product development cycle, and actively invested in launching new models, starting the period when quality was king again, and gained a brand-new growth. It is believed that BYD, which still has huge market space and core technological advantages, will be able to remain the leading enterprise of new energy vehicles in China after the market explosion and adjustment period.

4. Conclusion

The state has vigorously developed the new generation of new energy automobile industry, and BYD Holdings Limited's new energy has followed the policy and established its own competitive strategy. However, under the irreversible trend of new energy, BYD's new energy automobile products have not been widely recognized by the market with its leading technology. To find out the root cause, it is necessary to comprehensively analyze and demonstrate BYD's internal and external environment from a strategic point of view, find out the problems and put forward the optimization scheme. By strengthening the research on electric vehicle technology, applying the cutting-edge technology to automobile production, improving the quality advantage of production, creating a more personalized human-computer interaction system for service, increasing the reputation of customers and market recognition, and striving to build a world-class new energy automobile company, BYD's main direction in the new energy automobile industry. BYD not only has resource advantages, but also has strong financial strength. With the continuous acceptance of hybrid vehicles, BYD will certainly open its own markets in China and abroad, occupy a place and flourish.

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