JF Mechanical Limited Company Internal Surrounding Analysis Based Internal Factor Evaluation

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Abstract: The internal state of JF machinery limited company is summarized from the aspects of production capacity, market and sales, finance and marketing ability, technological ability, human resources, organizational structure and enterprise information construction. The internal state is evaluated by the internal factor evaluation matrix in details. The results show that the weighted score of JF machinery limited company is much higher than the average level of the machinery industry, it implies the company has more advantages than disadvantages and relatively strong position in the machinery industry.

Keywords: JF machinery limited company; IFE matrix; internal state

1 Introduction

JF machinery limited company is one of the leading enterprises in the machinery and equipment manufacturing of China, it has the confidence and determination to the machinery industry development and make efforts to let China's machinery equipment join to the world market. During the development process of JF company in the past many years, a lot of achievements has been made. Now because of fierce market competition , which comes from home and abroad, the company faces enormous challenge. In order to adapt to the change in external environment and internal environment and optimize the combination current situation with available resources in the company, the company need formulate the suitable company's development strategy to resolve the urgent problem. So the company win a dominant position in the market as soon as possible.

In this paper, the internal state of JF machinery limited company is analysed by the internal factor evaluation matrix. It can find the company's strengths and weakness, it can make ready for formulating the enterprise development strategy.

2 The development history

The predecessor of the company is JF machinery factory, JF machinery limited company is built by asset reorganization in 2002, the JF company becomes complete-set manufacturer in machinery equipment. In order to meet the needs of enterprise management across the region enterprise and make full use of the unique advantages of talent, information and technical and other aspects in Shanghai, the management authority of JF company was moved to Shanghai. The company has passed the standard attestation of ISO9001 International Quality System of China Quality Certification Center in 2008 and was identified as state-level enterprise technology center in 2009. The company main economic norms in 2010 created the best level in history. At the same year, the post-doctoral workstation was established and completed the acquisition of 45% stockholder's rights of CGH limited company.

3 The company present situation

3.1 The main products and production capacity

The company has established a first-class product manufacturing and test base. The supporting production factories are in this base, such as casting, heat treatment, high precision processing and so on. The production process on casting, machining, heat treatment and assembly can be completed. The main products include two categories and dozens of products and accessories in the field textile machinery and sewing machinery.

3.2 Market and sales situation

The company high-end products are still in development stage, the research ability is weak and the capital investment is insufficient. The intermediate products need face fierce competition in the market, only the low-end products have competitive advantage. When compared with the private and individual enterprises in cost, the high cost of the intermediate products and low-end products is their biggest weakness, but they have advantage in brand and service. Computer controlled lockstitch sewing machine is the dominant product, its market share is 33%. Stroke belt sartorius has absolute leading position in high-end user group, the market share is more than 90%. Compared with computer controlled lockstitch sewing machine, the product upgrading of overlock machine is much lower and there is a large distance with the market demand, the domestic market share is about 25%.
3.3 Financial analysis

In order to carry out company business activities smoothly, some measures are used, such as strengthening fund management, reducing loan scale and so on. These measures are ceaselessly increasing the economical power of company.

The business income and total profit in 2010 respectively is 1.2 times and 2.5 times than in 2009. Especially the total assets and net assets had increased markedly in 2010, the total assets and net assets in 2010 respectively is 2.1 times and 1.8 times than in 2009. The company credit level is the AAA and has good business relations with cooperation bank. Until to 30 June 2011, bank line of credit is a total of 270 million yuan. In one quarter of 2011, the capital current ratio and quick ratio respectively increased by 7.6% and 4.6% and has decreased by 5.6 percentage points than in one quarter of 2010, it shows that the company's debt paying ability has been enhanced.

3.4 Technical capability

In recent years, the capability of independent innovation is improved by increasing investment, constructing of technical innovation system and perfecting the scientific research method. The positive progress are achieved in the machining process and automatic control theory. The company have 25 invention patents, one national engineering research center and two provincial R & D base, new product development capabilities is in the industry-leading level. At the same time, the company has technical cooperation with institutions of higher learning research base is set up to solve technical problems, the technical support let the company reach international advanced level in technological level and product quality.

3.5 Human resources

The total quality of employer are lower and the structure of staff is unreasonable, the percent of the number of employees with doctoral or master's degree is less than 1%, the percent of the number of technical employer with secondary and below secondary level school accounts for 75%.The personnel with senior technical professional only accounts for 6% in the total technical personnel.

3.6 Enterprise culture

Many measures are used to arouse broad worker enterprising, such as learning advanced enterprise spirit. Thus can enhance employee cohesive affinity, make dedicated staff and offer positive advice for the enterprise development. The reforms are the spirit power of enterprise development.

4 Internal factor evaluation analysis

4.1 Internal factor evaluation matrix

The IFE matrix[^1,2] is an analysis tool to analyze enterprise internal factors. It can find advantages and disadvantages from the key factors which affect the enterprise future development. Then, according to the influence degree of each factor, the size of the weight is determined. According to the enterprise effective reaction severity to each of the key factors, the score is given, the enterprise total weighted score is calculated at the last. The advantage and inferior which is faced by enterprise can be summed up by the IFE matrix analysis, all the enterprise's internal stress can be put together.

The establishment process of internal factor evaluation matrix is shown as Figure 1.

![Figure 1. The IFE matrix real process](image)

The IFE matrix contains many key factors, total weighted score ranges from 1 to 4, the average score is 2.5. If the total weighted scores is below 2.5, then the enterprise's internal state is weak, if the score is above 2.5, it illustrates the internal state is strong.

4.2 IFE analysis of JF company

Based on internal factors, the IFE matrix of JF company is constructed, the result is shown in Table 1.

During the internal factor matrix evaluation, because the machinery industry is a rapidly growing industry,

![Table 1. IFE matrix of JF company](image)

[^1]: The IFE matrix real process
[^2]: The establishment process of internal factor evaluation matrix
Financial ability and service network will become main influent factor of the development speed and competition ability, the highest weight is given them. Brand, sales network and management capabilities have very important influence on the development of enterprises, they has been given a higher weight. The result of the IEF matrix evaluation analysis is 2.90, it implies that the company’s overall strategic position is higher than the average level of the industry and the enterprise's internal situation has a strong position in the industry.

### 5 Conclusion

The company's internal state is analyzed by the IEF matrix, the weighted score is higher than the average level of the machinery industry, the company has more advantages than disadvantages and relatively strong position in the machinery industry.

### References
