

Executive Summary

This case study provides insight into the impact of CEO's Leadership and Marketing Strategy on SMC's crisis recovery by studying the case of how Stafford Motor Company (Pvt) Ltd. overcame an organisational crisis between April 2012 and June 2013.

Stafford Motor Company (Pvt) Ltd. (SMC) is a company that operates within the automotive industry. SMC is the franchise holder for the world renowned 'Honda' brand in Sri Lanka. Therefore, SMC imports and distributes all 'Honda' products including 'Honda' motorcycle, 'Honda' automobiles and 'Honda' power products. As of March 2015, SMC had an annual turnover of 11.6bn and provided employment to over 600 people. Nearly, 70% of that revenue was earned through by SMC's motorcycle division. SMC's motorcycle division sells 'Honda' motorcycle and are currently placed second in the motorcycle industry behind David Peiris Motor Company (DPMC).

However, SMC did not always sell only 'Honda' branded motorcycles. Up until April 2012, their main revenue earner were the 'Hero Honda' branded motorcycles. The 'Hero Honda' brand as a result of the joint venture between Honda Motor Company (HMC) and the Hero Group of India. However, due to tensions between the two parties it was decided that the joint venture be terminated. The news of the termination of the JV was informed to SMC in April 2012 and SMC were then asked to choose between the 'Honda' motorcycle brand and the new 'Hero' brand. However, due to factors such as inertia, loyalty and future business prospects, the SMC senior management to go forward with the 'Honda' brand. This decision put SMC in a crisis because by choosing the 'Honda' brand, SMC had effectively let go off their main source of revenue in the 'Hero Honda' brand. This report narrates the story of how SMC recovered from this organisational crisis from the perspective of leadership and analyses the impact of leadership on SMC's crisis recovery.

Data collection and analysis for this study include both qualitative and quantitative data types gathered through primary and secondary sources. However, due to the nature of our study a specific focus was placed upon qualitative data types. As primary data collection method nine interviews and two focus group discussions were performed and as secondary data collection internal information like SMC annual reports, SMC sales reports, SMC marketing data, external information like websites, press releases and published articles were used.

The study revealed that Dr. Kaluperuma's (CEO/MD of SMC) leadership along with SMC's marketing strategy helped drive SMC's recovery from its crisis. However, the study also concluded that this relationship was mediated by stakeholder confidence whilst the relationship between CEO's leadership and marketing strategy and stakeholder confidence is moderated by aggressive competitor behaviour.

The report concludes with recommendations derived from the authors' analysis. These recommendations are shared in detail and describe in detail their implications to SMC.