**SWOT Analysis**

**Revision questions**

(30 marks; 30 minutes)

John Rishton, chief executive of Rolls-Royce, sought to show he had a firm grip on the struggling FTSE 100 engineer as he unveiled the company's biggest job reduction programme in six years. Analysts welcomed initiatives that would reduce the group's 55,000 workforce by 2,600 and bring down annual costs by £80 million when fully implemented. However some raised concerns about the ability of the UK's flagship industrial company to innovate in future if the cuts hit its engineering capability.

'This implies they are firing engineers. That is surprising to me,' said Christian Laughlin of Bernstein Research. Mr Rishton insisted the reduction would not hit the group's ability to compete against its bigger rivals, such as General Electric. 'The measures announced today will ... contribute towards Rolls-Royce becoming a stronger and more profitable company,' he said. 'We will work ... to achieve the necessary reductions on a voluntary basis where possible, while making sure we retain the skills needed for the future.'

A large engineering team had been required for the development phase of the Trent 1000 and Trent XWB engines, the group said, but with the development phase complete, the need for engineers was reduced. These two engines are the main engines for the hugely successful Boeing Dreamliner and Airbus A350 wide-bodied jets. Orders for the Trent 1000 and Trent XWB run into tens of £billions.

The news of the job cuts sent shares in Rolls-Royce 1.4 per cent higher to close at 846p. The market took heart from signals that another cost-cutting programme was being planned for the power systems and marine business. The current job cuts would come over the next 18 months and largely be made across its aerospace division. The majority of the job cuts would be achieved in 2015. Two-thirds of the 2,600 job cuts will come in the UK. The company employs 24,800 people in Britain out of 55,200 worldwide. The job cuts will include engineers as well as managerial, operational and administrative positions. Rolls-Royce is the world's second largest aero-engine maker, with a market share of 34 per cent.

(Source: Financial Times, 4 November 2014)

**Questions** (20 marks; 25 minutes)

1 Based on the information provided, carry out a SWOT analysis on Rolls-Royce Aero Engines. (20)