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**Introduction**

Caterpillar is a major construction and mining equipment manufacturing company. The organization has developed some strong strengths over the years since its inception in 1925. The following text will conduct a SWOT analysis to determine the organization’s outlook and how it could improve in the future.

**Caterpillar SWOT Analysis Table**

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| --- | --- |
| **CATERPILLAR SWOT ANALYSIS** | |
| STRENGTHS   * Market leader in construction and mining equipment. * Offers a large portfolio of goods and services. * Strong brand name. * Focus on innovation. * High levels of customer satisfaction. * Highly skilled workforce. * Reliable suppliers. | WEAKNESSES   * A decline in revenue and profits. * Over-dependence on the US market. * Low investments in Research and Design. * Poor marketing strategies. * Low investments in technological improvements. * Low diversification. * Issues with inventory turnover. |
| OPPORTUNITIES   * Innovation in Technology. * Acquisitions. * Entry into the renewable energy market. * Entry into autonomous vehicle manufacture. * Opening up of new markets. * Decreasing costs of transportation. * New trends in consumer behavior. | THREATS   * Increased competition. * Changing regulations. * Trade wars between China and the United States. * Rising costs of raw materials. * Technology development by competitors. * A rise in employment costs (salaries). * Imitation and counterfeit products affecting Caterpillar’s brand image. |

**Caterpillar Strengths**

Caterpillar has been in operation for at least 95 years since its inception in 1925. Over this period, the company has developed some significant strengths that define it as a manufacturing organization today. To begin with, the organization became a market leader in construction and mining equipment manufacturing, diversified its portfolio to manufacture and sell many products, and developed a very strong brand name recognized globally. Recently, the organization has improved on these core strengths by focusing on innovation which aims at improving its products to be more efficient and reliable in the growing construction market (Markman, 2018). Moreover, some competencies developed over the past few years may include; high levels of customer satisfaction, creation of a very skilled workforce, and development of reliable supplier networks.

**Caterpillar’s Weaknesses and Threats that have Common Themes**

Despite the many strengths that the organization has, some weaknesses threaten its position in the market. The threats share some common themes with weaknesses that the organization has. One such theme is investments in technology whereby the company is lagging despite its competitors improving their offerings. This presents major risks since technology is an essential component in the modern market. Another common theme that presents a major risk is its over-dependence on the US market. For example, the organization has limited supply networks in China, a growing market in road and railway construction (Vat & Ajmera, 2019). Caterpillar has not leveraged this market and may soon be locked out of China by its competitors (Franck, 2018). Moreover, the increased trade wars between the US and China could prove problematic in developing reliable networks in the country.

**Caterpillar’s Weaknesses compared with its Opportunities**

Caterpillar has an opportunity to improve its technologies by investing heavily in its Research and Development department. This is a major weakness that the organization has but also an opportunity that it could use to turn the weakness into a major strength. Another major weakness is its low diversification as the company only focuses on the manufacture of heavy construction machines (Aeppel & Singh, 2018). However, this could easily be turned into a major strength as the organization can focus on major opportunities such as new acquisitions and entry into new markets. Such an approach will ensure that caterpillar can become even more competitive and solidify its position as a market leader.

**Problem-Solving Strategies to Address Weaknesses and Threats**

Most of Caterpillar’s problems emanate from its sluggish approach in investing in new technologies and diversifying. However, it is important to note that the organization might not have much of a say in external threats and weaknesses such as trade wars between countries. To address other major weaknesses and threats, the organization needs to focus on improving its technologies and investing heavily in research and development. This will ensure that it has the best products in the market which are innovative by nature and able to compete with other offerings in the market. Training of its workforce could also become a major strategy in becoming a highly competitive company that has unbeatable products in the market.

Ultimately, Caterpillar remains a market leader in its industry. However, the company has an opportunity to address its weaknesses and threats to solidify its position and even expand to new areas such as the development of autonomous technologies.

References

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