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Department of Management and Administration

**MASTER’S THESIS**

**Title: «Ways to ensure the competitiveness of an enterprise (on the example of the enterprise “Great Wall Automobile”)»**

Completed by 2<sup>nd</sup> year student,  
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**TASK**

**TO MASTER THESIS**

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1. Title: “Ways to ensure the competitiveness of an enterprise (on the example of the enterprise “Great Wall Automobile”)”

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2. The term of the student's submission of thesis on April 25, 2024

3. List of issues that need to be developed:

1. To study the theoretical approaches to ensure the competitiveness of the enterprise.


2. Analyze the status quo of “Great Wall Automobile” development.

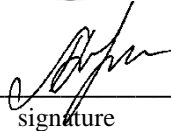
3. Develop the recommendations to ensure the competitiveness of the enterprise “Great Wall Automobile”.

#### 4. Work plan

No	Stages of work
1	Approval of the thesis content
2	Preparation of the thesis' first section
3	Completion of the first section according to the supervisor recommendations. Writing the thesis' second section
4	Completing of the second section according to the supervisor recommendations. Preparation of the thesis' third section
5	Completing of the third section according to the supervisor recommendations. Preparation of a report for a scientific conference with a presentation of the main results of the thesis
6	Writing of the introduction, conclusions of the thesis. Making references list
7	Submission of the thesis to the Department of Management and Administration

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## INTRODUCTION

As the world's largest automobile production and sales market, China's automobile industry has played an important role in the country's economic development. In recent years, the economy has gradually shown a downward trend, and the development of the automobile industry has slowed down. With the coming of the era of "New energy and intelligentization" and the state's emphasis on energy saving and emission reduction, many domestic automobile enterprises are trying to improve their competitiveness through transformation. As a well-known Chinese automobile brand and the largest SUV manufacturer in China, Great Wall automobile has developed well in recent years, but there are still problems and deficiencies in its management, the analysis and summary of the experiences and lessons in its development will help the company to improve its competitiveness and expand its market share.

In this paper, after in-depth study of the relevant theories, the use of Harvard analysis framework on the impact of the Great Wall Automobile enterprise value of the factors for a comprehensive analysis, the analysis of the company's strategy, accounting, finance and prospect shows the following main problems: single product structure, difficult strategic transformation; The assets are not fully utilized, the financial structure is not stable, the new energy starts late, the development prospect is blocked. The free cash flow model based on Harvard analysis is established to evaluate the internal value of the Great Wall Automobile enterprises, and it is found that the internal value is underestimated. To this end, this paper puts forward some suggestions to enhance the enterprise value of great wall automobile, such as optimizing the vehicle model structure, implementing the differentiation strategy, strengthening the management of accounts receivable, establishing the bad debt reserve fund, improving the financial structure of the company, improve the efficiency of asset utilization, enhance R & D capacity, improve competitiveness.

On the whole, the change of automobile industry is both an opportunity and a challenge for Great Wall Automobile.

**The purpose** of the research is theoretical substantiation, development of methodical approaches and practical recommendations for improving the ways of ensuring the competitiveness of the enterprise (on the example of the enterprise “Great Wall Automobile”).

To achieve this purpose, the following **research objectives** were solved:

- to form a comprehensive approach to the study of the competitiveness of the enterprise;
- to study the methods of researching the competitiveness of the enterprise;
- to investigate related theories and methods of increasing the competitiveness of the enterprise;
- to study the structure and activity of the enterprise “Great Wall Automobile”;
- to analyze the macro-strategic environment of “Great Wall Automobile”;
- to conduct an analysis of the internal competitiveness of “Great Wall Automobile”;
- to conduct a financial analysis of “Great Wall Automobile”;
- to determine the value creation problems of the “Great Wall Automobile” enterprise;
- to develop proposals for increasing the competitiveness of the “Great Wall Automobile” enterprise.

The **object** of the study is the processes related to ensuring the competitiveness of the enterprise.

The **subject** of the study are theoretical, methodical and organizational aspects of the system of ensuring the competitiveness of the enterprise.

**Research methods.** The theoretical and methodological basis of this research is the position of modern economic theory, the scientific experience of domestic and foreign scientists and specialists in the field of economics and entrepreneurial

activity. To achieve the goal of this research and to solve the set tasks, a set of the following methods was used: theoretical generalization to reveal the content and essence of defining the main concepts and categories; deduction, induction, analysis, synthesis - to determine the economic essence and content of the conceptual apparatus; tabular and graphic method - for comparison and visual presentation of empirical data, justification of a number of tasks of increasing the competitiveness of the enterprise; economic and statistical methods, such as: surveys, comparisons, methods of analysis, synthesis, analogies, etc. - for statistical data processing and analysis of indicators characterizing the studied processes.

*The information base* of the research is written articles, newspaper articles, historical records, statistical data of organizations, articles from encyclopedias, secondary data, data collected from oral life stories and experiences of real people, conducted online surveys, various analyzes of secondary literature.

*The practical significance* of the obtained results is that the practical recommendations for increasing the competitiveness of the enterprise can be applied in the practical activities of enterprises in various fields of activity.

**The structure and content of the thesis** correspond to the tasks and consist of introduction, three sections, conclusions, references. The total number of pages in qualification work is 71. The work contains 7 tables, 2 figures. The references contain 50 titles.

# SECTION 1

## THEORETICAL PRINCIPLES OF ENSURING THE COMPETITIVENESS OF THE ENTERPRISE

### **1.1 A comprehensive approach to the study of the competitiveness of the enterprise**

As an important part of the manufacturing industry, the automobile industry has a great influence on China's economic system and plays a key role, while it creates its own value, it also adds value to the surrounding industries and promotes the growth of the entire economy. However, in recent years, severe air pollution and haze weather have occurred in our country, which has led to the implementation of some pollution control measures, such as limited number travel, etc. . With the development of China's consumer market, the improvement of national consumption level, and the attention paid to new energy vehicles, the auto industry is facing unprecedented opportunities and challenges. At the same time affected by the epidemic, macroeconomic growth slowed, car sales gradually into a marginal profit state. In the period of economic downturn, it is very important to analyze and consider the enterprise value of automobile industry to ensure the sustainable development of enterprises.

Great Wall is a well-capitalized and sustainable Chinese brand that has maintained high profitability and growth over the past decade, and is a leading maker of suvs in China. But over the past two years, Great Wall's overall sales have not been as rosy as before, with sales of the Haver brand falling 25.66 percent in January and 31.23 percent in February as it 2021 to increase sales, great Wall has been struggling to restructure its products, introducing many new models, but the effect is not obvious. In this paper, the Great Wall automobile is taken as the research object, and the Harvard analysis framework is used to make a comprehensive

analysis, and the free cash flow valuation model is used to forecast the value of the company, it is helpful for managers and investors to provide suggestions for improving the value of the company.

#### Research significance

Past financial data should also be the basis of value assessment, and through a comprehensive review of the company's future profitability, analyze what factors will affect the company's future profitability, to make a more comprehensive and scientific judgment of value. In this paper, the Harvard Analysis Framework is introduced into the enterprise value evaluation model, on the basis of Harvard analysis, the Great Wall automobile enterprise value is evaluated by the model, which will make up for the deficiency of the existing income method to some extent, it is an expansion and exploration of the existing value assessment theory, and further expands the application scope of Harvard Analytical Framework

China's auto industry is now in transition, which has created opportunities and challenges for Chinese automakers. By combining the Harvard analytical framework and the free cash flow model to assess the value of great wall vehicles, managers have a more comprehensive and in-depth understanding of the business and financial situation of the enterprise, from the strategic point of view of the enterprise to analyze how to enhance the internal value of the enterprise, put forward conducive to the future sustainable development of the enterprise ideas. By studying the value of Great Wall Automobile, the research results will also help other companies in the automotive industry to carry out enterprise value research. The second section is literature review at home and abroad

#### Literature Review of foreign countries

The Harvard Analytical Framework was originally developed by Harvard University. G. Palepu, p. M. Healy and V. Captain. Bernard (2002) , who advocated the integration of financial analysis and strategic analysis, and first proposed that when firms establish financial analysis frameworks, we should start with strategic analysis, accounting analysis, financial analysis and prospect analysis [1] . Fridson (2011) points out that in a static situation, financial analysis has a much narrower

scope of application. The Harvard Analytical Framework breaks this limitation by integrating strategic analysis with accounting analysis, financial analysis with outlook analysis, this creates four dimensions, both qualitative and Quantitative analysis, that provide more accurate information to the users of the information. Gonzalez (2016) points out that the Harvard analytics framework has significant advantages, including modular corporate goals, projections for future growth, and maximum use of financial data, at the same time, it affirms the deeper meaning of financial data, which can help investors understand the company's operating conditions and make financial analysis more specific and targeted. Yuxi Shi and Shina Gao (2020), taking Haier, a typical household appliance company in China as an example, applied the Harvard analysis theory to analyze its financial report in recent years, and put forward the corresponding improvement measures. The increasing use of the analytical framework in the financial analysis industry will promote the continuous improvement and development of this analytical method.

#### The study of company value

Irving Fisher's theory of financial budgeting is the origin of the study of firm value. The concept was first proposed in 1906. Irving Fisher's system outlines the relationship between income and capital, and the enterprise value of the source of in-depth study for the entire enterprise value framework system to lay a solid foundation for the evaluation of enterprise value has a long-lasting and far-reaching impact, and pointed out the direction for the later development [5]. In 1958, Modigliani and Miller completed the construction of non-arbitrage valuation theory based on the research of other scholars, which confirmed the relationship between capital structure and enterprise value [6]. They successfully constructed the discounted cash flow model, assuming that people's behavior is rational in the complete capital market, after which the enterprise value evaluation officially enters a new development period, the theory, Method and model of enterprise value assessment are becoming more and more perfect. Mayers (1984) proposed a method of assessing the value of a company, called the modified present value method, which decomposes the assets of a company and estimates the contribution of each

part of the assets to the total value of the company. In the United States, professors at MIT, Harvard Business School, and the University of Michigan have highlighted the advantages of using the discounted cash flow method and the price multiplier method (also known in China as the income method and the market method) in their book *Enterprise Value Analysis and assessment*, from the strategic analysis, accounting analysis, financial analysis, expected analysis and other angles to measure enterprise value [7]. In 2010, Tom Copeland et al pointed out that the cash flow generated by operating activities is the best way to reflect the value of the enterprise, and based on the cash flow discount method, gave a comprehensive and detailed overview of the concept of free cash flow.

With the rapid development of world economy, the problem of energy supply and environmental pollution is becoming more and more serious. All countries in the world are looking for a new type of energy to replace the traditional oil resources, so as to achieve energy saving and emission reduction. In order to achieve the goal of energy saving and emission reduction, the automobile industry is bound to assume heavy responsibility, the development of new energy vehicles, to promote industrial transformation and upgrading. The development of green industry chain of new energy vehicles, the exploration of establishing and popularizing green system, and the active implementation of "Double carbon" concept are the global new energy vehicles need to study. At present, China's new energy vehicles have entered a rapid development stage. The development of new energy vehicles and the continuous enhancement of the competitiveness of new energy vehicles in China can not only reduce the demand for oil and improve our energy security, but also greatly reduce the emission of carbon dioxide, for the realization of "Double carbon" goal is of great significance 1.

New Energy vehicles are those which use unconventional vehicle fuels (such as ethanol gasoline, methanol, etc.) or unconventional vehicle raw materials. New Energy vehicles are mainly divided into the following types: pure electric vehicle (Bev), plug-in hybrid vehicle (PHEV), hybrid electric vehicle (HEV), fuel cell

electric vehicle (FCV) , hydrogen engine vehicle (FCEV) , at present, pure electric and hybrid vehicles are the most frequently used vehicles at home and abroad

In recent years, with the increasing attention to energy saving and emission reduction, new energy vehicles have become one of the hottest topics in the world. The world's car companies have actively produced and developed new energy vehicles, new energy vehicles opened the vent of the industry. As a key force to promote the transformation and upgrading of the world automobile industry, China takes an active part in the international cooperation in the field of new energy vehicles, with a view to contributing to the development of the new energy vehicle industry. China's new energy vehicles have gone through the initial stage, industry cultivation stage, industry optimization stage, from the beginning of the tram project to now almost mature industrial scale, from components to vehicles to the entire upper, middle and lower reaches of the industrial chain, China in the new energy vehicle industry has risen to the forefront of the world, but also has a number of influential auto brands in the world.

There are many new energy vehicle enterprises, all enterprises are competitive relationship, there are domestic brands and foreign brands. Coupled with the 2020"Double-carbon" target, new energy vehicle companies have sprung up, the already fierce new energy market has become more fierce. The competition of the existing competitors is the biggest threat to the direct conflict with the enterprise, once the product differentiation and the lack of investment in technology research and development, often lead to the enterprise can not obtain the dominant position, and lose competitiveness. For Great Wall, the competitors are mostly manufacturers of new-energy vehicles, domestic automakers such as BYD Company and NIO, and major international auto giants such as Tesla, Mercedes-benz and Toyota. These companies occupy a considerable market share, SAIC has formed a greater impact and impact. The new energy vehicle industry is not monopolized by a single company, and there is little difference in sales volume among the companies.

## 1.2 Methods of studying the competitiveness of the enterprise

### Method of literature research

With the continuous development and improvement of China's financial system, the requirements of enterprises for financial analysis have become higher and higher, and the methods of financial analysis have become more and more complex, unable to meet the needs of enterprises, scholars began to focus on the overall analysis of the enterprise, the Harvard Analysis Framework into the formal financial analysis system. In 2007, Ng See Tiong studied the contents of Harvard's analytical framework, choosing Haier and Changhong as the subjects of his study. He conducted a comprehensive and detailed analysis of their financial statement data, the problems existing in the course of enterprise management are found out, and the combination of theory and practical cases is achieved, which has a good guiding role [12]. In 2013, Li Jundong put forward a different view, that the users of financial statements should analyze financial statements from all directions and multiple angles, and correctly evaluate the value of enterprises, from the strategic, accounting, financial, perspective of four aspects of the business situation and financial results [13]. Jin Hong (2014) then proposed that other elements such as corporate social responsibility, internal control, and corporate culture should be considered in the analysis of the enterprise [14]. The traditional financial analysis system has some shortcomings, such as lack of overall perspective, separation of operation and finance, and lack of dynamic analysis from the value chain perspective, lan Longyao (2017) through the financial analysis framework research, put forward a different view, he believes that the focus of this framework should be the development of business models, a long-term dynamic analysis of the relationship between corporate strategy, business model and corporate value [15].

Huang (2019) further expands the scope of application of the Harvard analytical framework by applying industry investment theory and related knowledge to delve into the background of the new energy industry, using BYD Auto as a case

study, the internal value of the income and risk of two aspects of the analysis [16]. Li Qiancheng (2020) applied the Harvard Analysis Framework to the comprehensive financial analysis of hikvision security enterprise, which is novel to the traditional financial analysis framework and system in China, it also has reference value to other enterprises in security industry [17].

This article is mainly in the school library to find some information for reference, in many domestic and international well-known academic websites browse the relevant research, at the same time, the author has read and summarized the relevant literature both at home and abroad, conducted in-depth research on the basis of the research results of experts and scholars in various countries, and absorbed the advanced theories both at home and abroad, on this basis, the general ideas and research methods of value analysis of great wall automobile enterprises are put forward.

#### Case analysis

In this paper, the use of case analysis, the Great Wall automobile as an example, through case analysis, hope to understand the development of the domestic automotive industry. Great Wall automobile as a domestic independent R & D brand, in the industry to develop better, with a certain degree of representativeness. Through the analysis of Great Wall Automobile, hope to provide reference for other enterprises in the same industry.

#### Comparative analysis

By comparing Great Wall's financial data from 2017 to the 2021 year, we can understand the development of the company and conduct horizontal comparative studies with other companies in the same industry in our country, the advantages and disadvantages of Great Wall automobile are analyzed, which makes the conclusion more accurate and helps investors to make more accurate judgment on its investment value.

#### Technical route

Research Ideas: firstly, this paper introduces the Harvard Analytical Framework into the enterprise value assessment model, and establishes the

enterprise value assessment model based on the Harvard analytical framework, the Harvard analytical framework is used as an analytical tool to analyze the four modules of strategy, accounting, finance and Prospect, this paper makes a comprehensive analysis of the strategic positioning, financial status and future prospects of Great Wall Automobile, which provides a basis for the prediction of discounted cash flow data in the value assessment module, and then based on the discounted free cash flow model, this paper evaluates the value of Great Wall automobile enterprise, and draws the conclusion that the enterprise value is overestimated or underestimated, some suggestions are given to improve the value of Great Wall Automobile Enterprise.

#### Research content and innovation

The first part is introduction. It mainly clarifies the background of the topic and the practical and theoretical significance of the topic, and expounds the relevant literature of Harvard Analytical Framework and Enterprise Value Assessment, finally, the author of this paper shows the research content, research methods and the existence of innovation. The second part is related theory and method. Firstly, this paper introduces the financial analysis system including its meaning and the four dimensions of the framework. Secondly, it expounds the theory and methods of enterprise value assessment. This paper introduces the basic operation of Great Wall Automobile, analyzes the macro-environment and industry environment of Great Wall automobile by PEST analysis and Porter's five forces model, and analyzes the internal environment by SWOT analysis method Secondly, identify the important accounting policies and accounting estimates, and carry out accounting analysis, then the analysis of financial indicators and dupont analysis, a comprehensive evaluation of the company's operating performance; Finally, the prospect analysis includes the industry's development prospects and the company's development prospects. The fourth part is enterprise value assessment. Through the free cash flow discount model to evaluate the intrinsic value of the enterprise. The fifth part of the problems and countermeasures. Based on the results of Harvard Analysis and enterprise valuation, this paper summarizes the existing problems in enterprise

development, and puts forward specific enterprise value promotion strategy for Great Wall Automobile, laying a foundation for its long-term development.

The innovation of this paper is embodied in two aspects: first, the research method, the traditional enterprise value research mainly based on the data of financial statements, but ignored the impact of non-financial information on the enterprise, it has some limitations to pay attention to the study of the internal factors of enterprises and neglect the external environment, which can not make an overall analysis of the financial situation and development prospects of enterprises, and thus can not accurately judge the value of enterprises. And the domestic and foreign scholars mostly research under the Harvard analysis framework of corporate finance, few scholars based on the Harvard analysis framework to explore corporate value. Based on the analysis results, this paper uses the free cash flow model to evaluate the enterprise value, which makes the analysis of each factor more convincing and accurate.

Secondly, in terms of research content, the author chooses the automobile industry which has less research in the current enterprise value field to analyze. As a domestic independent research and development brand, Great Wall automobile has always occupied an important position in the domestic automobile industry, therefore, this enterprise as a research object also has a certain representation, through the Harvard analysis framework to further study the Great Wall Automobile, to find the problems in its development process, and to find solutions, it is helpful to the long-term development of the enterprise, has certain reference value to other enterprises in the industry, and also can help investors make investment decisions on the basis of a more comprehensive understanding of great wall automobile.

### 1.3 Related theories and methods

Harvard analytical framework. “The more the economy develops, the more important accounting becomes.” Financial analysis can help users of statements, contracts between shareholders and management, investment decisions of investors, loan decisions of banks, merger decisions of companies, the Auditor's Audit Risk Assessment and the analyst's business research are dependent on the effective analysis and use of financial statements. Traditional financial analysis is based on accounting and statement data and other relevant information by adopting basic analytical methods, to systematically analyze and evaluate the past and present financial situation, operation and cash flow of the enterprise, so as to have a more comprehensive grasp of the enterprise's profitability, Operation Ability, debt-paying ability and growth ability, it aims to help the users of financial information improve their decision-making level by understanding the history, evaluating the present situation and looking into the future. The Harvard Analytical Framework was developed by... G. Palepu, p. M. Healy and V. Captain. Barnard argues that financial analysis should not be limited to financial statements, but should be integrated with the company's internal and external environment, based on a strategic perspective of the company's future development, they advocate a combination of strategic and financial analysis, emphasizing the importance of non-financial data.

The Harvard Analysis Framework has four dimensions:

#### 1) Strategic analysis

Strategic analysis is the first point of analysis, the substance of which is inclined to qualitative analysis. The purpose of this paper is to identify the key factors and risks that affect the company's profit, and to evaluate the sustainability and potential profit of the company's performance. The strategic analysis generally divides into two aspects, the external mainly includes the macro-environment and the industry environment, the internal mainly includes the enterprise resources ability level and the core competitiveness analysis. Strategic analysis provides the

basis for accounting and financial analysis. The analysis of corporate competitive strategy helps to determine whether a company is sustainable and provides a reasonable explanation for the forecast of Prospect Analysis

## 2) Accounting analysis

Accounting analysis is the next step of strategic analysis, which mainly analyzes the main accounting subjects in the financial statements, as well as the choice of accounting policies and the use of accounting estimates. Accounting analysis requires a comprehensive and in-depth understanding of the company's financial situation and operating results, and based on these results to make the right decision. The purpose of accounting analysis is to judge the reliability of enterprise financial information. The main content of accounting analysis is to identify important accounting policies and to evaluate whether accounting policies are flexible, the quality of the information disclosed and the identification of danger signals. Accounting analysis is a comprehensive review of accounting information, through a variety of measurement attributes or measurement units to determine the relationship between the data to determine whether the economic transactions occur, the process of making the right decisions. The scientific reliability of accounting policy is the premise to ensure the truthfulness of financial analysis, which provides the basis for financial analysis

## 3) Financial analysis

Financial Analysis assesses a company's financial position based on its financial statements, comparing debt-paying ability, operating ability, profitability and growth potential. Strategic analysis provides the basis for assessing the operating environment of a company, while accounting analysis provides the quality of information. The analysis of enterprise financial indicators, as well as the horizontal and vertical comparison with competitors, helps to determine the advantages and disadvantages of the company in order to identify problems and optimize development. The purpose of financial analysis is to analyze the financial statements of an enterprise, to evaluate its past performance and to make sustainable adjustments according to specific circumstances. The four competencies of ratio

analysis are often used as tools to understand a company's financial risk, profitability, operating performance, and identified growth potential. Cash flow analysis focuses more on a company's liquidity and financial flexibility

#### 4) Prospect analysis

Prospect analysis is at the end of the four analysis dimensions, which is an important aspect to make up for the deficiency of traditional financial analysis, because it is a dynamic forecasting method based on the first three levels. Since analysis based only on historical data does not contribute much to the sustainable development of a company, it is necessary to look to the future, starting with the identification of overall trends in strategic analysis, then it evaluates the company's current advantages and future opportunities according to the four dimensions of financial analysis. Finally, it highlights the various risks and opportunities that the company may encounter in the future. The prospect analysis draws a complete end to the whole financial analysis, and provides an important basis for risk assessment and planning development.

#### An overview of enterprise value theory

Economists believe that the value of the enterprise is the present value of the expected free cash flow of the enterprise, reflecting the time value of capital, risk and the development ability of the enterprise. From a management perspective, a company's value can be defined as its ability to ensure that all its stakeholders benefit from the company's value through compliance with the law of value and value-based management. The more profit a company brings to its shareholders, the higher its value, and that value can be measured by economic definitions. Free cash flow can be divided into overall free cash flow and equity free cash flow. There is a great difference between total free cash flow and equity free cash flow, which is mainly caused by their different financial objectives. The total value of an enterprise is calculated by the total free cash flow, which includes the cost of equity and debt, while the value of equity is estimated by the free cash flow of equity. According to the definition of enterprise value, enterprise value is directly proportional to free cash flow. Due to the objective characteristics of enterprise value and free cash flow,

enterprise value and free cash flow are gradually replacing the traditional measure of profit and income in more and more industries, become the most important research topic of modern enterprise.

#### An overview of enterprise value assessment theory

The enterprise valuation is that investors and investment analysts make assumptions about the uncertain future of the company based on the incomplete information, choose the valuation model that they think is suitable, and make necessary but inaccurate estimates. Although companies have boom and bust cycles in their products, businesses and industries, and the life cycle of a company is uncertain, it is generally assumed, or investors will be optimistic, that, a well-run company will go on.

#### Value Assessment Theory based on Harvard analytical framework

Based on the Harvard Analytical Framework, the enterprise value assessment theory is to use the Harvard Analytical Framework as an analytical tool to analyze the company's strategy, accounting, finance and prospects of the four elements of the analysis, on the basis of this understanding, we can reasonably expect the growth of the enterprise, combine the traditional method of enterprise value evaluation, and get the judgment of the enterprise value.

The enterprise value assessment based on Harvard Analytical Framework is a revision of the discount model. The key to evaluate the value of the discount model is whether it can make a reasonable forecast of the cash flow. Therefore, it lacks objectivity and accuracy to forecast the future cash flow of the enterprise, and can not clearly understand the business activities of the enterprise, it is not possible to effectively assess the future income and risk of the enterprise, and there is no scientific method to predict the discount rate to estimate the value of the enterprise. Based on the analysis framework of Enterprise Value Assessment of Harvard University, on the basis of fully understanding the operation and financial status of enterprises, accurately evaluating the future development of enterprises, reasonably predicting free cash flow and discount rate, the defect of single cash flow discount model is solved effectively

## The evaluation method of enterprise value

The process of enterprise value evaluation is actually a process of concrete application of its evaluation methods. The application of appropriate enterprise value assessment methods in enterprise value assessment can not only help investors make correct decisions, but also provide managers with accurate and reliable decision-making basis, promote the realization of enterprise sustainable development strategy.

### Cost method

The cost method takes the book amount of assets and liabilities on the balance sheet as the starting point, adjusts it to calculate the value of the enterprise, and reconstructs the elements of the enterprise as the starting point. If this method is used in an assessment, the carrying amount of the assets and liabilities in the statements needs to be adjusted to their fair value at the assessment date. The cost method is the simplest and most intuitive method. The advantages of this approach are objectivity, attention to the history and status quo of the enterprise, reducing uncertainty and reducing risk; the disadvantage is based on a certain asset of the company, ignoring the overall profitability, off-balance sheet intangible asset were not taken into account.

### Market law

The market assumption for the valuation of a company is that there is a major variable that governs the market value of the firm, comparing the market value of the firm with that of similar firms in the market with the relevant market value variable, determine the value of a company by adjusting and modifying the market value of similar companies. The application of market law needs to satisfy two requirements: one is a relatively developed and perfect securities market; the other is a sufficient number of listed companies covering various industries. Therefore, because China's stock market has not yet fully developed, the application of market approach to the valuation of the company is still a certain degree of difficulty. However, with the gradual development of China's capital market, market law will be more and more used in the valuation of listed companies

### Income method

The income method is a valuation method used to determine the value of a company, that is, the present value of the estimated future cash flow at a specific discount rate. In principle, a company's value is the sum of the present value of the future revenue it expects to generate. The discounted cash flow method is the most widely used and theoretically perfect income-based method, which mainly calculates the value according to the expected cash flow of the assets being evaluated, this method can reflect the actual value of the company more comprehensively and objectively, and is most suitable for the company whose profitability and cash flow are relatively stable.

### Real options law

The real option law regards the cost of equity as options and the value of assets as the underlying assets. By distinguishing the option value from the time premium, the method enables the growth opportunity or opportunity value to be measured in net present value (NPV) . The real application of real options is to provide a qualitative method for corporate value management and a method for investors to analyze the company's implied value.

Based on the above comparison, this paper chooses the free cash flow discount model in the income method as the valuation method of the Great Wall Automobile, which has the following advantages: first, this method integrates all the basic information in the three reports of the target company, and reflects the company's past Operation Status comprehensively. In the evaluation process, the operating profit, EBITDA, working capital and other financial indicators are fully considered, so that the evaluation results as close as possible to the actual value of the company, more objective. Second, the model fully recognizes the impact of time factor on the value of the company. By discounting the future free cash flow, we can reduce the influence of time factor on the valuation result and make the valuation result more real and accurate. Finally, the model assumes that the company will continue to operate, and the cash flow used is the free cash flow related to the stability and sustainable development of the company. In the evaluation process, the company's

future development prospects and opportunities, financial and non-financial information on the impact of cash flow and discount rate, etc.

### **Conclusions for the Section 1**

Based on the above literature, the research on financial analysis by foreign scholars is earlier, and the research on financial analysis and enterprise value has been relatively complete, many domestic studies are based on the findings of foreign researchers. With the development and perfection of the market, economic activities will become more and more complex. We can link Harvard's analytical framework with enterprise value, comprehensively consider many factors, and analyze financial statements from many angles, provides the important data support for the enterprise value appraisal. Harvard analysis system from the strategic point of view of the company's financial operations of a detailed analysis can be used as a basis for predicting the future development of the company.

Harvard Analysis Framework Theory and modern enterprise financial analysis of the needs of fit, to a certain extent, to fill the gap in the traditional financial analysis methods, therefore, listed companies are more willing to use this analysis system to analyze the financial operation of enterprises. Harvard analysis framework is mainly used to analyze the financial situation of enterprises, and it is relatively rare to apply it to the field of corporate value, and the application of this theory to the automotive industry is relatively rare.

This paper takes Great Wall automobile as a case study, using Harvard Analytical Framework to study the company's current operating and financial situation, in order to further explore the internal value of the company. This method takes into account the factors that may affect the value of the company, and provides the decision-making basis for the management, operation and financing of the company.

## SECTION 2

### ANALYSIS OF THE STATUS QUO OF “GREAT WALL AUTOMOBILE” DEVELOPMENT

#### **2.1 Studying of the structure and activity of the enterprise “Great Wall Automobile”**

Company profile. Great Wall, a Chinese SUV maker founded in 1984 in Baoding, was listed in 2003 and 2011 on the mainland. Great Wall has been adhering to the low-carbon environmental concept of the entire industry chain, to create a set of green carbon-neutral, cognitive intelligence, the global trend brand products, play wisdom formed in one of the new travel eco-circle. Incorporate advanced intelligence into all forms of transportation, capture trends, create unique creative products and services, redefine products, and explore social life through travel, let the world's users enjoy the power of technology to bring new travel fun.

The Great Wall automobile mainly designs and manufactures the complete vehicle and the related spare parts. In recent years, mainly committed to vehicle R & D, and constantly improve product quality, to provide customers with improved performance, a strong sense of experience products. Great Wall has built eight R & D centers and technology parks, including smart driving, smart connectivity and new energy.

In sales, Great Wall set up China's first custom car distribution center, applying Internet + to traditional manufacturing to enhance the company's overall competitiveness and improve customer experience. Great Wall has a global distribution network and its products are exported to many countries and regions, with total overseas sales exceeding 1 million units. Great Wall has set up R & D Centers and technology innovation centers in many countries and regions. It also actively develops new energy vehicle manufacturing, trying to upgrade its position

in the new energy field and seize market opportunities. At present, the overall development of the auto industry is still at a stable stage, although the abolition of the purchase tax system in 2018, the impact of auto production and sales have declined, but China's global auto sales still lead the world, china's auto industry is still in the development stage, with great room for growth. At the same time, the automobile industry needs to develop to intelligent, clean, common and other high-tech industries.

#### The company's main business

Great Wall Auto products cover SUV, pickup, car three categories, the main business involves vehicle and related parts of the production and manufacturing. Great Wall 2021 136.405 billion yuan in revenue Yuan, up 32.04 percent year-on-year, and realized an operating profit of 6.369 billion yuan, up 10.73 percent year-on-year.

#### Business model of the company

Great Wall's "User-centric" policy promotes self-improvement and dominates the market segment through category and technology innovation. The company is committed to establishing a global research, production, supply and marketing system

The company has established R & D Centers in Japan, South Korea, Canada, Germany, India, the United States and Austria, with more than 20,000 r & D staff in 10 locations in seven countries, the company aims to create a "Global smart technology company". Great Wall has pooled high-quality global resources and invested more than \$10 billion in research and development over five years to maintain its lead in power systems, hydrogen energy, smart and driverless cars. The company has also created three technology brands-lemon, tank and coffee smart-and is building a ecosystem of autonomous driving, smart driving, high-performance fuels and new energy sources. In terms of technological innovation, Great Wall's own lemon hybrid DHT system won the 2021 "China Heart" Top 10 Engine Award, the eighth time Great Wall has won the award, it is also the first time a hybrid system has won an award. Great Wall consolidated its growth base with category innovation

and demonstrated its growth potential in global expansion. In the 2021 of the China Automotive Industry Awards, held by China Central Radio and television, the tank 300 city edition beat a number of smart cars with its powerful product power and more than 30 smart technology configurations, won the award for best intelligent driving.

Great Wall has car and KD production plants all over the world, production bases have been set up and put into use all over the country, mass production has been carried out in overseas Thailand's Luoyong plant, and the Brazilian project is progressing smoothly. In marketing, actively promote innovative marketing methods and overseas market expansion. In the aspect of innovative marketing, Great Wall has set up both online and offline routes, and made use of the advantages of the Internet and marketing network, proposed Cloud Group Purchase, live broadcast and other measures, and achieved significant results. In the overseas market, Great Wall's sales network covers the world, overseas sales of more than 900,000 vehicles. Based on the perfect globalization system, Great Wall is gradually expanding its overseas market, which will further enhance the overseas performance of Great Wall and help the brand to reach new heights.

#### Great Wall automotive strategy analysis

Strategic analysis is the starting point of the Harvard Analytical Framework. In this paper, the strategic analysis is carried out from three angles, namely macro-environment, industry environment and internal environment, to determine the company's profit factors and major risks. First of all, this paper will use PEST method to analyze the macro-environment of Great Wall Automobile, in order to determine the current situation and future trends of the company's external environment, and combine the external environment analysis with the internal environment analysis of the company, find the most suitable strategy for the survival and development of Great Wall Automobile, for the company to create economic value. Second, the analysis of the industry environment is to identify the impact of Great Wall automotive profit potential driving factors. Profitability varies from industry to industry, and even within the same industry, its drivers vary over time.

In this paper, the main use of Porter's five forces model to analyze the impact of corporate profitability factors. Finally, the SWOT analysis method is used to analyze the internal environment, comprehensively evaluate the advantages, disadvantages, opportunities and threats of Great Wall Automobile, and determine the company's best competitive strategy.

#### Great Wall automobile development strategy evolution

Great Wall has a clear strategic goal. Great Wall has been focusing on SUV strategy and has become the world's leading SUV manufacturer, but since 2017 it has become more focused on global trends. Great Wall pays great attention to technology research and development, pure electric and plug-in hybrid are the main R & D directions for new energy and smart cars until 2017, but after that, start to electronics, intelligence, interconnection and other key technology innovation. Starting from 2017, Great Wall will follow the global trends of electrification, interconnection, intelligentization and informationization to provide customers with comprehensive intelligent transportation solutions.

It can be seen that great wall can adjust its development strategy in time with the change of external environment, which is beneficial to improve the company's competitiveness and long-term development (table 2.1).

As can be seen from the picture above, Great Wall Motor's strategic goal is quite clear. Great Wall motor has been focusing on SUV strategy, becoming the world's leading SUV manufacturer, but starting from 2017, it is more focused on global trends, great Wall has put a lot of money into technology research and development, and pure electric and plug-in hybrid are the main R & D directions for new energy and smart cars until 2017, but after that, start to electronics, intelligence, interconnection and other key technology innovation. Starting from 2017, Great Wall will follow the global trends of electrification, interconnection, intelligentization and informationization to provide customers with comprehensive intelligent transportation solutions.

Table 2.1 –The main stages of “Great Wall automobile” development strategy

Year	Enterprise development strategy
2015	1. To become a global leader in SUV brand pursuit, adhere to focus on SUV category, through SUV market position to drive brand awareness and value improvement, committed to become an SUV expert brand 2. The technical route revolves around the pure electric and the plug-in hybrid electric launch, strengthens to the new energy and the only automobile investment, strengthens to the key component's technical development, with an estimated investment of 17 billion yuan
2016	1. To become a global leader in SUV brand pursuit, adhere to focus on SUV category, through SUV market position to drive brand awareness and value improvement, committed to become an SUV expert brand2.2. The technical route revolves around the pure electric and the plug-in hybrid electric launch, strengthens to the new energy and the only automobile investment, strengthens to the key component's technical development, with an estimated investment of 30 billion yuan
2017	1. Stick to focus on SUV, inspired to become a global professional SUV brand, leading the global SUV brand Type 2.5%. Technology line around the electronics, intelligence, internet direction to achieve technology updates, strengthen the key components can be technical development
2018-2019	1. Adhere to the focus of SUV, inspired to become a global professional SUV brand, adhere to go out, leading the whole brand model 2.5%. Looking forward to the new global trend of automobile industry, increase R & D investment, provide solutions for customers to achieve intelligence
2020	Focus on SUV category, to create a world-class professional SUV brand, go out to do Pathfinder, and then become the global SUV leader. With the global trend of intelligentization, interconnection, cleanness and sharing, we will increase the investment of advanced technology to provide customers with intelligent travel
2021-2022	1. Increase Intelligence, new energy and other advanced technology investment for customers to listen to the wisdom of Travel Integrated Solutions 2. Adhere to the global development strategy, accelerate the establishment of the global layout, focus on deepening the strategic market, accelerate the transformation to global technology companies

## 2.2 Analysis of macro-strategic environment of “Great Wall Automobile”

The promulgation of a series of government policies and the promulgation of laws and regulations often affect the development of industries and enterprises. Among them, domestic independent brands are the most affected, the policy has the vital guiding significance to the industry and the enterprise's management

development. In order to maintain the long-term, healthy and sustainable development of automobile industry, our government has issued a series of laws and regulations to regulate the behavior of enterprises, and constantly promote the independent innovation and independent R & D of Automobile Enterprises, new requirements are put forward to the automobile industry. Government policy on the auto industry mainly includes the following aspects:

1. New Energy vehicle policy with the increasingly severe environmental problems, people pay more attention to the concept of environmental protection, the future development trend of the automobile market will be close to new energy, the government has taken some measures to encourage and subsidize new energy vehicles. Since 2013, the government has provided some subsidies for new energy vehicles, and in 2016, the Treasury launched a differential subsidy program, that is, the Treasury offers 25,000 to 55,000 differential subsidies based on energy mileage. But in 2019, the Ministry of Finance directly halved the subsidy in a circular on subsidies for new energy vehicles, and in December it 2021 a circular on financial subsidy policies for the promotion and application of new energy vehicles in 2022, according to the notice, the 2022 new-energy vehicle subsidy payment standard will be lowered by 30% on a 2021 basis; Subsidies for vehicles that meet the requirements of local public transport, sanitation, postal and express delivery, civil aviation and airports, urban logistics, political parties and government officials will be cut by 20 per cent on a 2021 basis. Facing the subsidy cuts, Great Wall needs to find a better solution. At present, the Euler series of new energy vehicles are mainly small scooters for women. There are too few models, and they are still aimed at the middle and low-end market, as subsidies are cut and more joint-venture new-energy vehicles enter the market, companies will still need to focus on R & D for CORE Technologies, with R & D Innovation Driving Development.

2. With the development of economy and the improvement of people's income and quality of life, more and more people want to enjoy life and need to buy cars to meet their needs, also caused environmental pollution, emissions of carbon monoxide and hydrocarbons containing a large number of toxic gases, a serious

threat to human health. In order to reduce tail gas emissions and strengthen environmental protection, relevant government departments have formulated a series of related measures: In early 2017, the State Environmental Protection Administration and the Ministry of Industry and Information Technology of our country published regulations and measuring methods for the emission of pollutants from light vehicles, implementing national V emission standards nationwide, in July 2019, China's VI emission standards will be implemented in key cities such as Beijing, Shanghai, Shenzhen and Tianjin. New vehicles must meet the new standards before they can be licensed. This policy change will inevitably increase the R & D costs of enterprises and the cost of buying cars for consumers, Great Wall Auto Company is both a challenge and an opportunity. In order to meet the requirements of national policies and regulations, Great Wall needs to consider how to modernize its emission control system, improve fuel technology, and strengthen core research and development technologies, enhance the competitiveness of the relevant parts industry, while achieving solid growth in sales.

#### Analysis of economic environment

With the global economic slowdown, it can be expected that both traditional and new energy vehicles will increase the competition of domestic vehicles. Compared with the technology and development of foreign mature automobile manufacturers, China's automobile industry has developed relatively late, only 20-30 years of history, the grasp of core technology is still relatively small. However, the new energy sector and new emissions standards are likely to bring carmakers back to the same starting point, and China's car market has more room to grow in the long run. Great Wall can adopt the strategy of bringing in and going out on the one hand, and strengthen the domestic market on the other hand, further expanding the influence of its pickup trucks and suvs in overseas markets.

#### Social Environment Analysis

The change of social environment is a long-lasting and far-reaching process, which can change people's ideas directly or indirectly, and also bring some negative effects to enterprises. Social culture will influence the growth of people and

enterprises imperceptibly, and local characteristics are obvious. Social and cultural environment mainly includes customs, lifestyles, cultural traditions and values and so on.

With the increase of income and education level, people's consumption behavior has changed, more emphasis on enjoyment of life, the demand for cars is also increasing. In the past, the car was a status symbol. Now, it has become a common means of transportation for people to travel, and People's demand for cars has gradually diversified, the car is no longer a mere means of transportation, at the same time to meet the individual needs of consumers. Our car companies have adopted similar strategies to cope with changes in consumer attitudes, changing the appearance, interior design and usability of cars according to the basic preferences of Chinese people and China's urbanization process, people-oriented, tailored to local conditions, for different consumer groups to produce different models. For example, the introduction of minicars aimed at urban transport and women quickly gained a foothold in the market due to their lightweight, low fuel consumption and intelligence. Secondly, the continuous development and improvement of China's roads and other infrastructure has also promoted the development of the automobile industry. China's road construction has been expanding at an alarming rate each year, with a total length of 4,846,500 km in 2019, of which 3 per cent was highways, as a result of economic development and policy. With more and more urban roads, more and more developed highway traffic network and more extensive coverage of expressways, it is more and more convenient for people to travel by car.

#### Technical Environment Analysis

The development of automobile industry in our country began in the early 1990s and has made progress since then. Automobile industry is a high-tech industry, in the early stage of development, due to the lack of relevant technology, our enterprises to takeThe joint venture with foreign automobile enterprises has achieved good benefits with the help of foreign advanced technology. More and more auto manufacturers are beginning to realize that China should play a bigger role in the international division of labor, rather than just staying at the end of the

line and being a contract manufacturer for foreign brands, but to build their own technology and core competitiveness. Many enterprises are actively building their own R & D Center, create innovative system, launch their own R & D car models and lines, thus gradually establish their own brand image. Although the independent brand has not occupied the superiority in technology, the progress of automobile technology is developing in a positive direction, and China's automobile industry has begun to realize the important role of Technology in Enterprise Development. In recent years, in response to national policy calls, major automobile companies have shifted their R & D focus to new energy vehicle technology, mineral resources are scarce, and global oil prices have risen, this series of factors have played a role in promoting the development of new energy vehicles. New Energy vehicles in the use of the most attention is the range, improve vehicle battery performance and reduce costs may enhance the competitiveness of new energy vehicles. Despite the government's strong support for new-energy vehicles, this is not a long-term solution. As subsidies fade, companies will need to speed up research and development on battery technology to improve battery performance, extend the endurance time to maintain market competitiveness

#### Competition between existing businesses

The automotive industry is an important mid-stream manufacturing sector, with a relatively high degree of concentration and a Monopolistic competition structure in its various segments. In the automobile manufacturing industry, Zero Enterprises are vertically integrated manufacturing, and the subdivision industry is relatively rare, which usually includes the manufacturing of parts and equipment as well as the whole vehicle manufacturing. There are 16,414,2021 in China's auto industry, up 4.6 percent on the previous year. This shows that the competition in the auto industry is very fierce. You Can See, in order to occupy a position in the competition, it is necessary to understand the competitors well

At present, Great Wall's competitors are divided into two camps, one is mainly Geely, Chang'an, Chery, BYD Company and other domestic independent brands, these companies have their own competitive advantages. Geely has always insisted

on a balanced development of multiple models, and its acquisition of Volvo has greatly enhanced its technical capabilities and brand awareness, while Changan has gained attention with its blockbuster models such as the Chang'an X7 and CS75 Plus, optimistic about its future sales prospects. Both Chery and BYD Company offer excellent value for money and compete on price to gain market share

The other category is foreign brands, including Volkswagen, Dongfeng and General Motors, mostly in China. Figures released by the China Automobile Industry Association show that passenger vehicle sales in Germany, Japan and the United States account for more than half of our total auto sales. When it comes to car sales, consumers prefer foreign brands and joint ventures, mainly because China's car companies are small and weak, with no economies of scale, low prices and limited market competitiveness. Therefore, the competition between brands in the auto market is very fierce, great wall car to occupy the market and enhance competitiveness, we must develop a characteristic, recognized by the market model.

#### The threat of potential intruders

Potential market entrants may be new companies directly related to the auto industry or from other industries. The automobile industry has its own particularity, not only limited by the size and technology, but also affected by the national policy, so the barriers to entry are very high. The auto industry is capital-and technology-intensive. It is harder for new entrants to get financing than established companies. Traditional auto companies have been established for many years and become leaders in various fields, so it is hard to shake them now, it is not easy for new entrants to pose a threat to established car companies

However, with the development of new energy vehicles, many high-tech companies are trying to enter the auto industry, such as Alibaba and SAIC Group Alliance, Josiah Goddard and Jilly and Chang an automobile alliance. High-tech companies have more capital advantages and more innovative thinking in electric vehicles. Traditional car companies have mature car technology, and high-tech companies provide intelligent network technology, the cooperation between the two sides can create more diversified automobile products. New entrants to the

traditional car industry may not pose much of a threat to established carmakers in the next few years, but as high-tech companies learn core car technologies through partnerships, they will most likely enter the new energy vehicle industry on their own, becoming competitors and increasing competition in the auto industry.

#### Supplier's bargaining power

Steel and rubber are the main raw materials used in automobiles and no alternatives have been found. Due to the high capital requirements and high entry barriers of the steel industry, steel is mostly produced by a small number of large companies, so there is little choice of suppliers. In addition, the price of iron ore depends on international prices, and the government controls the entire process from mining to steel production, so once the price is set, there is little room for change. Car tires can only be purchased from outside, so the two raw materials procurement by the supplier's bargaining power. To strengthen its bargaining power with suppliers, Great Wall has reached agreements with four automakers-jianghuai, Geely, Haima and lifan-to buy steel and tires together in the future, with a view to reducing the procurement process in this way the cost of production, and improve the competitiveness of the company.

#### Buyer's bargaining power

In recent years, the continuous entry of new automobile manufacturers, the improvement of the national economic level and the number of cars in first-, second- and third-tier cities have reached a state of over-saturation, all these phenomena make China's auto market transition from seller's market to buyer's market. The large number of cars produced in China and the over-saturation of the auto market, as well as the lack of differentiation in the products and services of the auto manufacturers, have led to more choices of cars for consumers and enhanced their bargaining power. In addition, retailers have introduced various sales incentives to enhance the competitiveness of enterprises in the industry, such as zero down payment, group purchase discounts, generous credit policies, etc. , which have a direct impact on consumers' purchasing behavior, and make them more and more rational, bargaining power gradually enhanced.

### The threat of alternatives

From the perspective of application, there are two modes of transportation, one is long-distance transport, the other is short-distance transport. Suitable for long-distance travel are trains, ships, airplanes, etc. . These are not good substitutes for cars, so they do not have much effect on cars as far as they can be used, although in recent years, many places have begun to build high-speed rail, in short-and medium-distance transport, their role and the car has some overlap, but they have their own advantages. Suitable for short-distance travel are bicycles, electric vehicles, motorcycles, and in the comfort, convenience, the car has irreplaceable advantages, therefore, in the short-distance travel, the threat of alternatives to cars is relatively low.

Therefore, as far as the threat of alternatives is concerned, every means of transportation has its scope of application, and the substitutability among them is not outstanding, and the automobile still occupies this special position, will not be replaced by other means of transportation in the short term. At present, because of the serious environmental pollution and the rising price of gasoline, more and more automobile enterprises put emphasis on the research and development of new energy vehicles. However, the new energy vehicle is not an alternative to the existing car, it is a technical improvement on the traditional car.

### **2.3 Analysis of the internal competitiveness of “Great Wall Automobile”**

Advantage. First, Great Wall automobile has a complete industrial chain and structure optimization of the industrial layout. Great Wall automotive business includes automotive and parts design, research and development, production, sales and services, intelligent networking, intelligent driving, chips and other forward-looking technology research and development and application, and in the power cells, hydrogen, solar energy and other clean energy fields for the entire industrial

chain layout. At present, Great Wall automobile has been able to achieve the independent production of multi-component, self-sufficiency.

Second, the Great Wall automobile product system is increasingly rich, in the market in the absolute leading position. Great Wall, which includes Haver, Al`Ula, Wei, tanks, Great Wall pick-up trucks, and a high-tech, all-electric luxury product called Salon Mech. Great Wall has a solid foundation in the field of car sales, SUV sales have always maintained the leading position in the country, Great Wall's pickup truck is in 24 years to maintain the domestic and foreign sales champion, and it has sold more than two million worldwide. Great Wall automobile in the continuous development and renewal to meet the changing market demand, enhance the competitiveness of its products, therefore, its brand image has been widely recognized.

Third, Great Wall automobile has its own independent manufacturing and development system, with its own characteristics. Under the guidance of Great Wall's "2025 strategy", Great Wall has gradually established a global production, research and development and sales system. Great Wall currently employs more than 15,000 people worldwide in R & D and design, and Great Wall expects to invest RMB one hundred billion in R & D by 2025. With the Beijing-tianjin-hebei and Yangtze River Delta as its dual core, Great Wall is developing in synergy and integrating the advantages of different industries. It has set up nine R & D bases and five software r & D centers nationwide, provide sufficient R & D resources for R & D personnel. In addition to these, Great Wall has set up its own research institutes abroad, including ten cities in seven countries, including the United States, Germany, Canada, Japan, and has set up its headquarters in China as the center, covering the R & D pattern in Asia, North and Europe, the R & D field includes vehicle, core components, intelligentization and new energy, etc. .

Disadvantage. First, the strategic position of the Great Wall is limited, and its product line is too dense. Great Wall's focus on suvs has indeed led to good sales and earnings for the company. However, in the present situation of more and more fierce competition in the automobile industry, if we only focus on the SUV market,

it will cause other products to become less competitive, it will also make like cars and other models of consumer loss, it is difficult to meet the diverse needs of consumers.

Second, the product pricing flexibility is not enough, the development of high-end products more difficult. Great Wall in nearly two years, due to the face of fierce market competition, trying to obtain a higher market share at a lower price. This has huge benefits for those who want to buy a car, but for those who have a car, the decision is a pyrrhic one. Such a price is undoubtedly more damage to the brand, will also have a certain impact on the price of used cars, and the entire industrial chain has a negative impact. In addition, many models of the Great Wall group have certain overlaps in selling prices, which will inevitably lead to different levels of competition between different brands of products, leading to homogenization of products, thus leading to fuzzy market positioning,

Third, the development of new energy industry is relatively backward. As a matter of fact, Great Wall has not been developing and producing new energy vehicles for a long time. Although it started in 2008, compared with the competitive auto companies such as Jáy, whether in the use of technology, or in the brand building, there is a big gap, and its sales can not be compared with other enterprises. It wasn't until 2018, when Great Wall began its ongoing technology development and launched the Euler series, that it gained a foothold in the new-energy vehicle market. But compared with other a-class cars, SUV models have good performance in the leading brand, Great Wall car R & D and production focus on the A00-class new energy vehicles. Great Wall automobile still has some shortcomings in the research and development of new energy vehicle technology.

Opportunity. First, diversified products. In the current market, as People's use of vehicles and needs are increasingly diversified, the past single product development strategy obviously can not attract customers and make them buy. In order to stand out in the market, to establish their own advantages, we need to re-positioning their own products, so that products become more distinctive. Great Wall to do a good job of differentiation strategy, the needs of customers and the company's

development, from the appearance of products, performance, to meet customer needs, to open up markets, capture more markets.

Second, we accelerated the adjustment and optimization of the industrial structure. In the “14th five-year plan” for the development of the automobile industry, this paper puts forward the following contents: building a world-class automobile enterprise, realizing the marketization of new energy industry, seizing the commanding heights of intelligent networked vehicles, establishing a safe and controllable industrial chain, establishing a sound automobile industry management system, promoting the healthy development of automobile industry, learning international advanced management methods, and promoting international competitiveness, etc. , it provides a new way of thinking for the development of our country's automobile industry. At present, the automobile industry is experiencing the double transformation brought by the rise of new energy and independent brand. Under the environment of the combination of Internet and automobile industry, the automobile intelligence has become a new development direction; it has brought the huge space and the opportunity to the industrial transformation.

Third, the government has given active support to the development of new energy vehicles. Lack of oil resources, rising oil prices, people's growing awareness of environmental protection, these changes have prompted the automotive industry to the direction of new energy vehicles. At the same time, our country is also very concerned about the development of new energy vehicles, has carried on the strong support to it, and has formulated a series of incentive measures, many cities have already started to popularize the new energy vehicles.

Threats. One is the threat of a downturn in the industrial economy. At present, the market in which Great Wall Company is located is a relatively complex and changeable market, which brings great difficulties to its corporate value evaluation. In addition, from the beginning of 2020 to the present, the new type of coronary pneumonia has repeatedly occurred, has caused a certain impact on our production and life, which has caused a serious impact on the domestic economy, the auto industry is also expected to take a hit.

The second is the threat of lack of competitiveness of enterprises. Especially in recent years, with the rapid development of our country's auto industry, local auto companies have shifted their R & D focus to independent auto brands to improve their market competitiveness. In recent years, our own brand with flexible management strategy and shorter production cycle advantages, has varying degrees of market share. But because of the joint-venture brand economic strength, production experience, large-scale production, advanced technology and equipment, stable sales path, etc. . Especially in Volkswagen and Toyota and other joint ventures, the price of 60-80,000 yuan to occupy the low-end SUV market, which has always been a low-end SUV in the main direction of the Great Wall car, there is no doubt that a big problem.

Third, other threats. Great Wall may face other threats, such as policy risks and brain drain. The auto industry is at risk of being affected by national policies, such as the government's decision to halve the purchase tax on small cars. Great Wall must make a correct judgment on this so that it can avoid this possible risk, and benefit from it. In the automobile industry, Technology R & D is the core competitiveness, which depends on the technical ability of experts to a large extent, especially the unique technology created by the core technical personnel. If in this case, the increase in the mobility of talent, it may lead to the leakage of secrets, or the emergence of adverse industry competition, and then cause greater losses to the company.

Great Wall auto accounting analysis.

Data in financial statements are generated according to specific accounting procedures and based on appropriate accounting policies and related accounting estimates. An effective financial analysis begins with an understanding of the underlying characteristics of accounting information and the institutional framework that affects it. Secondly, it mainly focuses on the big points in the financial statements, and defines the accounting estimation and accounting policy clearly, then analyzes the accuracy and rationality of its decision-making. Accounting subjects are generally divided into assets, liabilities, owner's equity items,

accounting analysis is usually an analysis of the status of important assets to determine its structure and quality. Because of the characteristics of the auto industry itself, the company will have a large number of factories, production lines and other fixed assets and inventory, the auto industry's product unit price is also very high, involving a large amount of transactions, so the amount of fixed assets, inventory and accounts receivable will be larger. Great Wall Motors' 2017-year 2021 financial statements show the share of its major assets as shown in table 2.2.

Table 2.2 – Great Wall Automobile 2016-2021 index analysis

Project	2021	2020	2019	2018	2017
Monetary funds	18.84%	9.47%	8.06%	6.87%	4.37%
accounts receivable	3.09%	2.56%	2.82%	2.99%	0.79%
Inventory	7.96%	4.87%	5.51%	3.98%	5.04%
Fixed assets	15.64%	18.58%	26.30%	25.93%	25.07%
Under construction	2.55%	1.91%	1.99%	3.94%	4.41%
Total percentage of major assets	48.08%	37.38%	45.22%	43.71%	39.69%

Money, fixed assets, inventory, accounts receivable, these are the most important assets of Great Wall Auto, Great Wall auto financial data have a great impact. Considering the characteristics of automobile enterprises, it is reasonable and effective to choose fixed assets, inventory and accounts receivable as research objects.

## Conclusions for the Section 2

For the automobile industry, new energy vehicles have become the development trend of the automobile industry, the 2020 Development Plan for the new energy vehicle industry (2021-2035), issued by the State Council, requires sales

of new energy vehicles to reach 20% of the total by 2025, in addition, the introduction of a series of policies, such as reducing or exempting vehicle purchase taxes, has greatly increased the sales volume of new energy vehicles.

New Energy vehicle companies have mushroomed one after another, and there are even many enterprises dividing the new energy cake across industries, the development of new energy has a great impact on the traditional automobile manufacturing industry. China sold 1.03 million new energy vehicles in 2019, up 12.79 percent from 2018, Among them, BYD new energy vehicle sales accounted for as much as 21.49% , in many companies in the side to stand out, quickly occupied the new energy vehicle market, 2023 from January to June, china's production and sales of new energy vehicles have been completed 3.788 million and 3.747 million units.

In such a competitive market environment, Great Wall needs to improve the level of scientific research and technology to enhance the core competitiveness of enterprises, and talent is the top priority of scientific research and technology, great Wall's equity incentive plan aims to attract and retain key technical backbones and managers, while tying the interests of key employees to those of the company, can also improve the enthusiasm of the staff, encourage ordinary staff to strive for the future development of Great Wall Automobile Tamp down the Human Capital Foundation.

## SECTION 3

### WAYS TO ENSURE THE COMPETITIVENESS OF THE ENTERPRISE “GREAT WALL AUTOMOBILE”

#### 3.1 “Great Wall Automobile” Financial Analysis

Solvency analysis. Solvency is the ability of a company to service its short- and long-term debts. It reflects its financial position and operating capacity and has a direct impact on the sustainability and safety of the company's development. The higher the solvency, the better the credit rating of the company and the easier it is to obtain investment, thus ensuring the healthy development of the company and raising the level of sustainable value growth. The evaluation indexes include current ratio, quick ratio, property rights ratio, asset-liability ratio and so on. Among them, the current ratio and the quick ratio are mainly to measure the short-term debt-paying ability of the enterprise, while the equity ratio and the asset-liability ratio are to measure the long-term debt-paying ability of the enterprise (table 3.1).

Table 3.1 – The evaluation indexes of “Great Wall Automobile” in 2017-2021

	2017	2018	2019	2020	2021
Current ratio	1.18	1.21	1.25	1.22	1.13
Quick ratio	1.08	1.13	1.14	1.13	0.99
Equity ratio	1.25	1.13	1.08	1.69	1.82
Asset-liability ratio	55.44%	52.87%	51.90%	62.77%	64.58%

As can be seen from the table, the Great Wall vehicle flow ratio has been maintained in the 1.1-1.3, the range of change is small. The general current ratio is above 2, and the current ratio has a positive correlation with the liquidity and short-term debt paying ability of the enterprise. Great Wall Automobile's 2017-2021

liquidity ratio is stable, but it has not broken through 1.3, indicating that Great Wall Automobile's short-term debt repayment ability is stable, but it still needs to be further strengthened. Attention should be paid to the rational planning and use of liquid assets, to improve liquidity, especially by the impact of COVID-19, but also to ensure a high flow rate. Great Wall Automobile 2017-2020-2021 ratio has been greater than 1, although the ratio has declined, but also reached 0.99, the overall trend of stability, the appropriate ratio. In general, it is common for the quick ratio to be 1:1, that is, for every dollar of current liabilities a company generates, it is compensated with a dollar of current assets, it is a measure of a company's ability to liquidate its liquid assets immediately to pay off its liquid debt. Great Wall's short-term 2021 is lower, but it is still solvent, the operating risk is under control.

**Profitability Analysis.** Profitability usually refers to the ability of an enterprise to achieve revenue in a certain period of time. Profitability is the key to the long-term development of enterprises. The stronger the profitability, the stronger the value-creating ability of enterprises. The higher a company's profits, the higher its position in the market, and the easier it is to obtain the external capital needed for the development of the company, so as to achieve the expansion of the company and promote the rapid development of the company.

Table 3.2 – “Great Wall Automobile” 2016-2021 index analysis

	2021	2020	2019	2018	2017	2016
NET interest rate on sales	4.93%	5.19%	4.76%	5.37%	5.02%	10.72%
Gross margin on sales	16.16%	17.21%	16.22%	16.69%	18.43%	24.46%
Yield valve	11.26%	9.58%	8.45%	10.27%	10.48%	24.73%
Operating Margin	3.80%	5.60%	5.20%	6.00%	5.90%	12.80%

The net sales interest rate is the ratio of the net profit and the sales income of the enterprise in a certain period. Great Wall had a net interest rate of 10.72 percent and a gross margin of 24.46 percent for 2016, but that has fallen sharply since 2017,

when it 2021 a net interest rate of 4 percent to 5 percent and a gross margin of 16 percent for 2017-2021, it shows that the income level of Great Wall's sales activity is declining. The Yield value reflects the level of return on capital, with higher indicators indicating a higher rate of return on investment. As can be seen from the above table, Great Wall's Yield value has fallen from 24.73% in 2016 to 9.58%, indicating that the value of Great Wall's investment is declining.

Typically, a company's Yield value is more than 20%, which means that the company has high investment value, whereas if a company's Yield value is less than 7%, then the investment value of the enterprise is small. By 2016, Great Wall had Yield value more than 20% of its cars. It should have been worth investing in, but now the company's Yield value is falling, this will be the long-term development of the Great Wall Enterprises create a negative situation. Operating profit margin refers to the proportion of operating profit in net sales. The higher the operating profit margin is, the more operating profit a company can make from the sale of goods, and companies are more profitable. Great Wall's operating profit margin declined from 12.8% to 3.8%, weakening corporate profitability.

**Operational Capability Analysis.** The operation ability of an enterprise refers to the ability to make profits by using various assets, which is of great significance to the financial security, capital preservation and the profit level of the enterprise. The greater the operating capacity, the more efficient the use of assets, the greater the ability to use assets to make profits.

Any company will pay attention to the operating efficiency of the company, accelerate the turnover rate of assets, so that the company's ability to enhance the value of creation.

Table 3.3 – “Great Wall automotive” 2017-analysis of 2021 operating capacity indicators

	2021	2020	2019	2018	2017
Total asset turnover	0.83	0.77	0.85	0.88	0.99
Inventory turnover	10.66	12.45	14.92	16.26	14.09
Account receivable turnover rate	21.80	29.00	29.10	46.40	4.90
Turnover of fixed assets	4.90	3.50	3.20	3.40	3.80

Through the analysis of the table, we can see that the turnover rate of the total assets and fixed assets of the Great Wall automobile is relatively stable, and there is no significant increase or decrease, but the value is not high, it shows that the investment in assets in recent years has not brought significant profits, the efficiency of using assets and the quality of assets management are very low. Enterprises should improve the total assets turnover rate, further enhance the efficiency of the use of all assets to better promote the development of enterprises.

Great Wall's inventory turnover rate fell from 14.09 in 2017 to 10.66 in 2017-19, and the 2021's inventory management capacity remained good to prevent overstocking, can effectively reduce inventory storage and management costs, and from 2020, due to the outbreak of covid-19 pneumonia, sales decline, the accumulation of large inventory, which shows Great Wall's inventory management capacity is not flexible enough, the company's inventory turnover capacity needs to be further improved. Great Wall auto accounts receivable turnover rate increased significantly in 2018, Great Wall in 2018 to strengthen the management of Accounts Receivable, enterprise collection speed, bad debt losses reduced. The turnover rate of accounts receivable in 2019 has fallen again because our auto industry has stepped out of the period of high-speed development and entered the "New normal". In this case, accounts receivable and inventory turnover slow, weak liquidity, to strengthen

later management, improve the efficiency of the use of controlled funds to promote the growth of the company's value.

Analysis of growth ability. The analysis of enterprise growth ability is the analysis of enterprise's expanding Operation Ability, which reflects the development prospect of enterprise in the future, you can also make plans for the next stage of development. Great Wall Motors 2016-key indicators of 2021 growth capacity are shown in the table 3.4.

Table 3.4 – “Great Wall Automobile” 2016-2021 index analysis

	2021	2020	2019	2018	2017	2016
Growth rate of net profit	25.41%	18.36%	-13.66%	4.05%	-52.21%	30.94%
Growth rate of operating income	32.04%	8.62%	-2.75%	-2.68%	2.08%	29.61%
Growth rate of net assets	7.62%	4.85%	3.25%	6.96%	4.02%	23.36%
Growth rate of total assets	13.89%	36.18%	1.16%	1.13%	19.76%	28.37%

The growth rate of net profit is the growth rate of net profit compared with the same period last year. It can reflect the change of profit during a period and has a positive relationship with the profitability of the enterprise. As can be seen from the above table, the growth rate of net profit has fallen significantly from 30.94 per cent in 2016 to -52.21 per cent in 2017, to 4.05 per cent in 2018, to -13.67 per cent in 2019, and to 25.41 per cent in the following two years, a significant change. This is mainly due to the fact that after 2016, with the decline of state subsidies, more and more auto companies began to pay attention to new energy vehicles, which led to more intense competition in the market.

Second, Great Wall in research and development increased investment, coupled with the macroeconomic environment, Great Wall auto sales in 2019 overall decline. Great Wall Motor in 2020 the net profit growth rate once again increased

significantly, shows its growth is strengthening. In general, revenue and net profit have kept pace. From 2017, Great Wall's revenue growth rate began to decline, and in 2018 and 2019, there was negative growth, which may be due to high growth in 2015 and 2016, resulting in a larger base, resulting in a slowdown in the rate of growth,

Both the growth rate of net assets and the growth rate of total assets are important indicators to measure the growth rate of a company's assets. As can be seen from the above table, the growth rate of net assets of enterprises changed considerably, from 23.36% to 7.65% , a drop of more than 10% , of which the growth rate of net assets in 2019 was only 3.25% , the lowest in the last five years. The growth rate of enterprises' total assets also fell sharply, from 28.37% to 13.89% . In 2018 and 2019, the growth rate of total assets was only 1.13% and 1.16% . In 2020, the growth rate of total assets increased to 36.18% , however, the growth rate of net assets and total assets showed a decreasing trend.

This suggests that Great Wall's early over-expansion strategy placed a heavy burden on the company, and that it could not on its own support all the resources needed for such a rapid expansion. Since then, Great Wall Motor in the net assets and total assets of a certain degree of control, and a reasonable layout, so that the growth of indicators have been improved, growth capacity has been gradually enhanced.

Dupont comprehensive analysis. Great Wall has been done a detailed analysis of the car, but only a few independent indicators, and can not make a complete assessment of the overall operation of the Great Wall car. Based on the above analysis, the author uses the dupont analysis method to decompose the return on net assets step by step, to explore the most critical factors that cause these indicators to change, at the same time, this article chooses BYD Company which is also an independent brand and SAIC Group which is the leading domestic automobile manufacturer to conduct a cross-sectional comparative analysis with great wall automobile.

Dupont analysis system is through the sale of net interest rate, total assets turnover rate, equity multiple decomposition factors, analysis of corporate profitability, financial leverage and other factors, the impact of the return on net assets of the enterprise. In this system, the Yield value is the starting point, but also the center, its level can well reflect the investor's net worth profitability. Return on assets refers to the product of the profit rate of sales and the turnover rate of total assets. It is a comprehensive reflection of a company's sales performance and the operation of assets, need to increase the company's sales revenue, reduce the company's capital occupation. The asset turnover rate reflects the ability of a company's assets to generate sales revenue, so when analyzing it, it must be combined with the company's sales revenue, carry on the rationality analysis to the company's assets structure.

After comprehensive comparison, we can see that in the past two years, the Yield value of Great Wall is slightly higher than that of SAIC and BI Jádý. The total asset turnover rate and equity multiplier of Great Wall are not significantly different from those of SAIC and BYD Company, and net interest rate slightly better than SAIC, significantly higher than BYD. Great Wall has sold 1.281 million units in the 2021, an increase of 14.79 percent over the same period last year. Great Wall has sold more than 1 million units for six consecutive years, of which 139,900 units were sold abroad, the company's operating income was 136.405 billion yuan, an increase of 32.04% over the same period last year. Net profit was 6.726 billion yuan, an increase of 25.43% over the same period last year. The reason for this is that great wall has shifted its attention from products to customers in the past two years, constantly changing itself based on the needs of its users. The products are becoming more and more diverse, and different models are being launched for different users, created a Harvard Mythical Beast, tank 300 city version, tank 500 and other models of pop, recognized by consumers.

### **3.2 Determining of the value creation problems of the “Great Wall Automobile” enterprise**

The biggest goal of the existence of an enterprise is to create value, which is the result of various objective and subjective factors acting together in the operating environment of the enterprise, the above-mentioned evaluation results show that the Great Wall automobile enterprise is undervalued. Based on the analysis of the status quo of Great Wall automobile under the framework of Harvard, this chapter analyzes the existing problems in enterprise value creation, and puts forward some relevant suggestions for promoting the enterprise value of Great Wall Automobile, it can be used as a reference for other enterprises in automobile industry.

The strategic transformation of enterprises is difficult.

The analysis of Great Wall automotive strategy shows that the company has the problem of over-concentration of products. Great Wall, in particular, has concentrated on suvs, and while it has become a leader in suvs, giving up on cars amounts to giving up nearly half of the passenger car market. The company still has room to grow, is a relatively good investment opportunity, the development of Great Wall is a good choice. Looking at the external environment, Great Wall is currently facing increasingly stringent fuel emission regulations and environmental protection regulations. With the increasing competition in the new energy market, Great Wall's product line is too single, this is certainly a constraint. Great Wall's products have a serious problem of homogenization. There is no obvious difference between them except for appearance. In terms of price, they are all concentrated on low-priced suvs of 100,000 yuan. This is one of Great Wall's obvious disadvantages, the lack of a clear product division is not conducive to meeting the personalized needs of different customers; Concentrating so many goods in the same consumer sector runs counter to a strategy of diversifying risk, and the overlap of prices between different models makes it difficult for great wall to find its place in the market at different prices, for example, Wey's pricing made it difficult for great wall to stand firm at this price.

Now, the entire industry is going downhill, facing more and more joint ventures entering China's low-end auto market. Under such circumstances, the price war can not last long, so it must be resolved as soon as possible.

Accounts receivable are growing too fast.

Since 2018, Great Wall auto receivables have nearly quadrupled from 800 million yuan to three billion, three hundred million million yuan. With accounts receivable rising and inventories falling fast, the data show that Great Wall still has a large part of its credit business despite the overall downturn in the domestic auto industry in 2018. And the credit sale relies on the credit foundation, objectively also has many uncertainties and changes, which has increased the risk of credit sales. Credit transaction has a lot of risk, and because the enterprise credit system is not perfect, it is easy to appear non-performing assets. Most auto companies, in order to increase sales, will usually take a sales staff salary and profit changes combined with the way of compensation. However, in order not to have too big an impact on sales, there will usually be a last order has not been completed, has begun to issue the next order, which will result in a continuous increase in the amount of arrears, and then a vicious circle. In addition, because credit sales usually occupy the company's working capital, so there will be corresponding financial costs and interest costs, thus increasing the operating costs of the company. Through letters, phone calls, business trips and other means, repeated reminders will also cause a huge waste of human resources, it is easy to affect the efficiency of enterprise operations

Inadequate use of assets.

Through the above-mentioned analysis of corporate debt and long-term solvency, found that the company's current financial situation there are still some problems. The covid-19 pandemic in 2020 led to a sharp drop in car production, and the chips used to make cars could only be used in hardware devices such as mobile phones, but as the country's efforts to control the epidemic have had surprisingly good results, car sales are also starting to recover quickly. Great Wall has been borrowing from financial institutions and other sources to resume production, which has led to an increase in the company's asset-liability ratio and equity ratio, thus

increasing the company's debt-servicing pressure, it has also led to financial instability in the company. From the financial analysis above, we can see that Great Wall Motor's fixed asset investment turnover rate is very low, the return on net assets is also declining, which shows that the company did not make full use of fixed assets, at the same time, there is the problem of idle funds, assets are not fully utilized, can not seek greater benefits for the company, leading to the loss of profit opportunities, thus having a negative impact on the development of the company, resulting in a decline in the profitability and value of the company. Due to the growth of R & D and fixed asset investment, the company's debt ratio is also rising, the company will face great financial pressure in the future. Great Wall Motor's total assets are not operating efficiently, and it does not make good use of its own resources to create value, which leads to the unreasonable use of its funds, which has an impact on its free cash flow, thus affecting the value of the company. The overall profit margin and asset utilization efficiency of the company need to be further improved.

New Energy started late.

According to the analysis of the industry environment, the market competition of our auto industry is becoming more and more severe, while the competitors of Great Wall are mainly independent brands and foreign brands. However, with the government's introduction of a series of measures to promote new energy vehicles, some high-tech companies have also started to enter the auto market gradually, and more multi-purpose vehicle products have emerged, this makes the auto industry more competitive.

Great Wall is sticking with the SUV market and missing out on the best opportunities, while other automakers are developing new-energy vehicles and putting more effort into fighting for more market share. BYD and SAIC have improved their profitability through new energy vehicles, which has posed a certain threat to Great Wall. When Great Wall's market competitiveness declines, it will affect corporate profits, therefore, it has a certain impact on the internal value of the company.

### **3.3 Development of proposals for increasing the value and the competitiveness of the enterprise “Great Wall Automobile”**

Optimize the vehicle structure and implement the differentiation strategy.

At this stage, in the face of slowing domestic SUV growth, SUV market share is declining, Great Wall can consider SUV as the main product, other models supplemented by the strategic layout, great Wall automobile can choose to develop to a larger car market and build a brand new car, which can not only reduce the risk, but also enrich its own products, to compete with other car companies. Great Wall to solve the problem of product homogenization, is to accurately grasp the market positioning, with a clear price range to divide their products, so that their products in different prices to better play its advantages. For example, if Wey compares it to the high end of the market, then it should be given a price that is within the normal range of the high end of the domestic car market and can be clearly distinguished from the low end of the market, and they should be equipped, designed, and serviced to match the high level of sophistication, rather than the low-price, high-volume strategies of other models aimed at the lower end of the market. For low-end cars, we need to pay more attention to its cost-effective and practical, using the “Low-cost” penetration strategy is a very suitable method. On this basis, Great Wall automobile enterprises should take the road of differentiation in product design.

Strengthen the management of accounts receivable.

Although there are many problems and risks in the way of credit sales, considering the reality of Great Wall Automobile, credit sales are still necessary, so Great Wall car accounts receivable management is very necessary. First of all, enterprises should pay attention to the identification of customer credit, the establishment of relevant departments or groups, carry out the corresponding investigation, review and evaluation of customer credit. Check the aging analysis table and keep it up to date to prevent excessive accounts due. Secondly, Great Wall automobile should establish a set of reasonable credit system and accounts

receivable collection system according to its own actual situation, and strengthen the collection of accounts receivable, which is not only to enhance the accuracy of accounting information, it is to improve the turnover rate of accounts receivable.

Great Wall should be in a reasonable arrangement for credit sales under the premise of the establishment of bad debt reserves. The Great Wall Act defines receivables as liquid assets that can be turned into cash over a 12-month period, so the deferral of receivables due to credit sales requires a corresponding bad debt reserve. Through this method, can improve the enterprise receivables recovery, and can reduce the enterprise's aging to less than one year. For the Great Wall Automobile, its bad debt preparation method is more based on aging impairment preparation.

Improve the efficiency of asset utilization.

The analysis shows that there are risks in the current financial structure of Great Wall Automobile. To improve the stability of the financial structure, we need to start from two aspects: one is to increase operating profit, the other is to obtain investment. In order to achieve profit growth, Great Wall needs to promote the research, development and promotion of new energy vehicles in order to increase market share and establish its own brand. In addition, Great Wall should also step up publicity efforts at home and abroad, as a way to show the company's image, to take advantage of its leading edge in the auto industry, can attract more quality investors to invest. This can increase the company's equity capital, reduce the company's debt repayment pressure, thus improving the stability of the company's financial structure

The strength of an enterprise is determined by capital. Only by improving the efficiency of capital use can an enterprise obtain higher returns. Great Wall can be from the following points of view to asset management: First, develop a detailed program of asset management, clear each department to purchase and management of assets; Second, the assets of each unit should be counted regularly or irregularly by specialized personnel; third, we should pay attention to the communication among the various departments of the company, need to maintain, purchase assets

and other issues, and report to the purchasing department in a timely manner, to avoid the problem of idle resources.

Strengthen R & D capacity, improve the competitiveness of new energy vehicles.

Looking from the world's development trend, the overall development direction of the future car will eventually go on the road of low-carbon environmental protection and intelligence. Therefore, increasing R & D investment and insisting on independent innovation have always been the source of Enterprise's competitiveness. If we want to not be restricted by other companies, we must increase R & D efforts on new energy vehicles and strengthen our own strength.

First, companies need to focus on nurturing innovative talent, placing it in the best position for them, and setting up incentive systems to ensure the retention of research talent in the new energy sector. At the same time, increase new energy vehicle production sites and equipment investment, new energy with a forward-looking variety, increase R & D investment. Secondly, in the field of new energy vehicles, and domestic major automobile manufacturers to strengthen communication and cooperation. As Great Wall has been investing late in the new energy sector and has a large market share in suvs, Great Wall does not have a preemptive advantage. In order to be able to improve its technology faster, to reduce operating costs, Great Wall could consider partnering with foreign manufacturers with proven technology in the new energy sector, which would not only reduce the product development cycle, but also reduce product development costs, at the same time can improve the technical content of products, so that products have more core and complete technology.

Third, we must increase the promotion of new energy vehicles, the establishment of new energy vehicles brand image. For now, VW is familiar with Great Wall's suvs and pickups, but when it comes to new-energy vehicles, most people think of Jáy and Geely rather than Great Wall's Euler range. Through the promotion and marketing of new models, not only can the popularity of new models be promoted more quickly, but also new products can enter the market more quickly,

and the company's product concept can be better exported, to enable consumers to understand and remember the Great Wall brand more quickly, enhance its brand awareness and charm, to promote the sales of new energy vehicles. Great Wall's "Netizens name" is a good way of publicity, such as "Harvard big dog", "White cat", "Black Cat", "Good cat" and other names not only down-to-earth, can also increase brand awareness, increase sales, these are good publicity means. Great Wall can learn from this, and constantly improve their own marketing, to improve their sales, but also through the Internet, to expand sales channels.

Optimize the organizational structure of enterprises.

Organizational competence is the need for enterprise managers according to the objectives, tasks and decision-making requirements, to make overall arrangements, effectively combine all kinds of resources to achieve enterprise goals. From product development to marketing to Great Wall Automobile, we should focus on the strategic goal of the enterprise, Perfect and implement the enterprise system, and constantly activate the vitality of enterprise development. A clear corporate strategy not only needs to be based on the existing business characteristics, personnel capacity, but also needs to be forward-looking to improve the ability to respond to risks and environmental changes. In the structure of the organization, should be clear about the responsibilities of the departments, improve the sense of collaboration between departments. The enterprise strategy into measurable performance standards, employee rewards and punishments linked to performance. To strengthen the study and training of employees, to ensure that great wall automobile can set up a core competitiveness management committee, responsible for the Enterprise's core competitiveness management work of the overall promotion, the core competence management is integrated into the enterprise strategic planning and management system, running through the whole process from strategy design to strategy implementation

Pay attention to enterprise personnel training.

One is to improve the enterprise culture, values and other related concepts in the training of penetration. Technology, Youth and intelligence are all part of the

Great Wall's corporate identity. Increasing recognition of corporate culture and values will not only keep talent, but also inspire a sense of responsibility among employees, so that employees actively participate in the construction and promotion of the enterprise, and the development of the same frequency. Second, expand the strength and resources of training. Great Wall is in the early growth, internal training resources are limited, so can expand the channels of training, more conducive to employees to learn more advanced technology and experience. Through the assistance of local governments, new energy vehicle business associations and other departments, to carry out overseas study, Enterprise Experience Exchange, research institute technical guidance activities, to promote the skills of enterprise personnel. The third is to improve the feedback mechanism of talent training. On the basis of clear career planning and promotion path, different feedback mode should be adopted according to the training needs of employees at different stages. The feedback of training effect can be matched with performance appraisal and job-fit degree, so as to improve the importance of training

Pay attention to financial ability, improve the profit level of enterprises.

The production of new energy vehicles belongs to the industry of heavy assets, with large investment in capital and technology and high threshold. Great Wall is a start-up stage, the early investment in fixed assets, while there are high costs, low turnover rate, which will inevitably lead to low return on profits. But from the view of improving financial ability, the company not only needs to expand the enterprise scale, improve the production efficiency, realize the increase of sales volume and profit, but also need to improve the financial risk management ability of the enterprise, to financial and operational security as the bottom line, forced enterprises to establish challenging operating indicators. Open source throttling is the key means to improve the profitability of great wall motor. On the one hand, enterprises need to expand the market penetration rate, improve the ability of marketing, so as to improve the market inventory of products, reduce inventory risk, and achieve revenue growth. On the other hand, enterprises need to strengthen cost management, improve production efficiency and reduce cost and expense rate through

technological innovation, organizational capacity improvement and value chain optimization

Adjust the enterprise's investment planning, clear enterprise strategic positioning. Looking back, Great Wall's investment activities, in order to expand the business scope of the enterprise, Great Wall has acquired a maintenance, insurance agents, license plate operation, leasing services and other qualified businesses. At the same time, Great Wall automobile in robotics, flying cars and other future science and technology continue to invest. These investments on the further layout of enterprises with a certain degree of forward-looking, but also brought high costs, capital risks. In the aspect of investment decision-making, Great Wall automobile should combine the strategic goal, analyze the feasibility of the investment project, compile the investment budget, consider the existing risk factors in many aspects, and constantly perfect the investment risk management system, from the planning, project to the implementation of decision-making should be fully assessed and monitored. In terms of financing, Great Wall needs to consider the issue of equity dilution and establish a sound fund management system by constantly improving the risk management and early warning mechanism of financing, from capital use planning, capital use management, to the monitoring of capital use, form a closed loop of capital management.

Improve product differentiation, innovate in marketing

The essence of the lack of differentiation is the lack of product positioning, brand connotation unclear. Great Wall's product matrix includes both compact car and suvs as well as midsize sedans and suvs. Product types relative to NIO and ideal, positioning is relatively low-end, product gross margin is also relatively low. Great Wall is positioned as "The first smart car for young people". For young people, product design, interior decoration, configuration should be more up-to-date, improve the sense of design and technology. Therefore, product development should be based on the existing product matrix, in product quality, configuration and design efforts. In the price, but also according to the product positioning, simple distribution fee. For the main star product P7, optimize its marketing strategy, using big data to

accurately locate customer types, identify demand preferences, fully expand the consumer circle.

Great Wall should also start building soft power to improve its brand image. Enterprises should strengthen the implementation of ESG -LRB-investment concept focusing on enterprise environmental, social and governance perform-RRB-nce-RRB- objectives, improve the recycling rate of vehicle materials, reduce carbon dioxide emissions, carry out "Green travel", "Protect the Blue Sky" and other public welfare activities, so as to establish a good corporate image, improve brand recognition

The digital marketing of Great Wall automobile is mainly carried out through the global management link of "Content-public domain diversion-private domain operation-private domain commercialization". Based on the original concept and foundation of Great Wall Automobile Digital Marketing, it can enrich the content and form of "Private domain operation", for example: "Marketing-sales-content output", "Social sharing content shopping ecology-shopping circle", more "Proactive" through cloud and big data technology to identify consumer scenarios and user needs, flexible grasp of life-style touch points, awaken consumer demand. Great Wall also needs to develop differentiated marketing strategy through product differentiation. According to the type of product positioning of different groups, such as the personality of the 90's youth consumer groups, the family-oriented travel needs of the middle-aged, targeted product positioning and advertising. In order to further enhance the brand value image, enterprises also need to determine the key technology, vehicle design and other marketing themes, to create a brand-specific theme.

Continuous optimization of after-sales mechanism to ensure charging supply and coverage

Great Wall has excellent after-sales service ability. In The Adjuster services, the company can expand online service channels and improve online service platform, not only to achieve the cloud after-sales, but also to provide a space for car users to exchange and help each other. On the basis of the APP platform that has

already been launched, further consummates the seamless experience ecological model that takes the car as the carrier and covers the mobile phone + the car + the N-terminal, from the test drive, buy, use the car, travel and car life of the entire process and many scenarios. In order to make the APP platform build the bridge of interaction between users and users, and between users and brands, the platform should strengthen the examination and supervision of the financial leasing, insurance and other services that the platform hosts, at the same time updated smart cars, smart travel of the forefront of information and car experience. Through the interaction of consumers in the platform, to achieve the spread of word-of-mouth benefits, and further increase the brand value recognition, the formation of user participation in the brand co-creation model.

The quantity of charging piles is the key index to evaluate the service of new energy vehicles. Therefore, enterprises should improve the installation and deployment service of charging piles. In low-coverage areas such as third-and fourth-tier cities and towns, enterprises can properly equip with brand-name super charging stations or introduce third-party charging posts to better serve customers.

Covid-19 has had a huge impact on the fast-growing new energy vehicle industry in many ways: the epidemic has led to a sharp drop in global manufacturing capacity, affecting the supply of new energy vehicle parts; The global economic downturn and disruption of international freight routes have reduced vehicle sales and reduced the profitability of NEV companies; equipment shutdowns and maintenance and idling of employees have further increased costs. As for China's major new energy automobile enterprises, they should actively guard against the risks brought by the changes of international situation and take effective measures. SAIC should strengthen cooperation with suppliers and international dealers, help each other, make up the weak points, to ensure smooth supply chain. In the process of raw materials procurement, the improvement of upstream and downstream inquiry negotiation mechanism is also conducive to cost control. In the enterprise vehicle production in each link, the consumption of raw materials, labor, fixed assets

depreciation and other aspects should be more detailed audit, reduce enterprise expenditures.

There are many countries and nations in the world, and there are also many differences in values, customs, consumption concepts and so on. In the product aspect, must make the target market subdivision. For example, given differences in consumption levels and infrastructure, Great Wall should focus on promoting lower-performance, less reliable and less costly vehicles in developing countries, and mid-to high-end vehicles in developed countries in Europe and the US. On the promotion way, must continue to expand the internet marketing channel. Great Wall has a wide range of online marketing channels in China, including official websites, online car brokerage platforms, e-commerce platforms and other social media, by using social media services such as Instagram, Twitter, Facebook and TikTok, we can not only promote our brand in the international market, but also promote our brand in the international market, it can also establish convenient communication channels with overseas consumers. In the service aspect, must pay attention to the staff quality enhancement and the sales personnel specialized knowledge training. While entering foreign markets, actively absorb and train international sales personnel, specializing in transnational operations and sales. After-sales, to strengthen consumer protection, establish a sound consumer feedback channels, improve service operation satisfaction. In the strategic aspect, we should strengthen the marketing strategy and the sales channel construction, establish the perfect service system, promote the enterprise to the market research and the response speed. At the same time, we need to increase sales through various ways to meet market demand, so as to further consolidate SAIC's competitive position in the industry.

Although the new energy vehicles in the performance is improving, range time increase, power enhancement and other advantages appear. But there are still some problems, such as slow charging speed, high temperature impact on battery performance and high maintenance cost, which are also the main reasons why many consumers still choose fuel vehicles. Great Wall needs to make technological breakthroughs and gain a competitive advantage over the inherent disadvantages of

these new energy vehicles in order to establish its brand image internationally and gain more recognition from overseas consumers.

### **Conclusions for the Section 3**

Based on the Harvard Analytical Framework, this paper studies the enterprise value of Great Wall Automobile, and summarizes the relevant analysis of Great Wall automobile as follows:

1. The analysis of Great Wall's strategy and prospects shows that the company's development strategy has been focused on the SUV market, the early stage of the new energy vehicle market did not give too much attention, it leads to the lack of competitiveness in the new energy market, the lack of core technology support, reducing the profitability of enterprises, and has a negative effect on the development of enterprises. The analysis of the accounting and financial data shows that the accounts receivable of Great Wall Motor Company is growing too fast, there is the risk of refunds, the asset-liability ratio is increasing, and the company is facing the pressure of repaying the long-term debt, the utilization efficiency of assets is at a low level, these problems will affect the company's sustainable development, and ultimately affect the company's enterprise value.

2. Based on the analysis results of the previous chapters, this paper constructs a free cash flow discount model, and makes a comprehensive evaluation on the company value of Great Wall Automobile, the internal value of the company is slightly higher than the current market value of the Great Wall, indicating that the future value of the Great Wall Auto Company still has more room for growth and development, is worth investment.

3. Based on the Harvard financial analysis framework of the Great Wall automobile value assessment, not only to get the assessment of the value of the Great Wall Automobile, great Wall Automobile and the future development of strategies

to improve the value of the company has a certain reference. At the same time, the research ideas and methods adopted in this paper can also be used as a reference for other automobile enterprises to conduct corporate value analysis.

## CONCLUSIONS

Based on the Harvard Analytical Framework, this paper studies the enterprise value of Great Wall Automobile, and summarizes the relevant analysis of Great Wall automobile as follows:

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4. To analyze the competitive advantage, we use SWOT and PEST analysis methods. To determine the main factors that restrict the development of the company, and on the basis of analysis, put forward some measures to improve the level of competitiveness of the company

5. Evaluate the technical and management capabilities of Great Wall vehicles. These factors include:

- Advanced Science and technology;
- sales and financial dynamics;
- type and direction of organizational structure;
- major goals for future large markets; .

6. Our research has found the advantages and disadvantages of Great Wall's operation. Through the financial statements, Data Access, questionnaire research and other ways to understand the business situation in-depth. In the context of changing market structures, it is necessary to develop some kind of competitive strategy to make quality management an integrated approach and enhance the competitiveness of products.

Due to the limited space and theoretical knowledge, there may be the following deficiencies and limitations in the value research in this paper, it is expected to be improved in the future research process:

(1) there are few research results of applying Harvard analytical framework to company value in automobile industry, which brings limitations to references;

(2) based on the available data to make a forecast of the future, but did not do sensitivity analysis;

(3) in the company valuation module, the discounted free cash flow model is used to calculate the company valuation, which includes many assumptions, and the choice of these conditional values will have a certain impact on the company valuation results.

For example, in the use of two-stage model, each stage of the growth rate of different choice, there will be different results, there is a certain degree of subjectivity, there will be some deviation from the actual situation. In view of the

above-mentioned research problems and deficiencies, if there is time and opportunity in the future, this issue will be further analyzed and studied. I believe that in the future research, we can explore a more scientific, more operational, more objective and accurate results of the enterprise value research system, and look forward to the automobile industry in the field of enterprise value more fruitful research results.

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