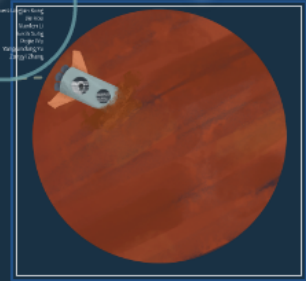


Marriot cost of capital

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Marriot cost of capital

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Introduction

- **Product** *electrical components*
- **Division** *power distribution; controls; maintenance and services*
- **Comparative Advantage** *safety reliability durability*
- **Challenge** *strong competitors with similar products but lower price*

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Business Orientation

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Product Orientation--focus on product quality

- 80% revenue come from products
- comparative advantage is on products safety reliability durability
- sales is expected to sell whatever the plants make

Product-orientation

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- Salespeople were expected to sell all of products and services
- Sales for each division is centralized

Segmentation

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- Sales was sub-organized into three geographic regions (instead, certain industries) while marketing directors reported to the head of sales at the country level
- Maintenance was only handled by M&S division

Reward

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- In reality, salespeople only sold to attain the maximum bonus
- So-called “solution” hurt revenue per product

Internal Dynamics- Beliefs

- Do not see “understanding what customers want” and “providing solutions to them” as something important.
- Salespeople do not have intention to develop a relationship with customers. They were only on a first-name basis with their customers.
- Their salespeople were trained never to recommend a competitor’s product even when their company did not make the product with the exact specifications the customers needed.

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Organisation Structure

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