

WHIRLPOOL EUROPE

CONTEXT

Whirlpool is a multinational corporation that manufactures home appliances. The company is currently facing a significant challenge in the European market due to a combination of factors, including a decline in sales, increased competition, and a shift in consumer preferences. The company's management is seeking a strategic solution to address these issues and restore growth in the region.

The company's current strategy is to focus on cost reduction and operational efficiency. However, this approach has not yielded the desired results, and the company is now considering a more aggressive strategy that involves investing in research and development to create new products and services that meet the needs of the European market.

PROBLEM TO SOLVE

GOALS

- Increase sales in Europe by 15% over the next 3 years
- Reduce operating costs by 10% over the next 3 years
- Improve customer satisfaction scores by 20% over the next 3 years
- Increase market share in Europe by 5% over the next 3 years
- Reduce inventory levels by 20% over the next 3 years
- Increase R&D spending by 10% over the next 3 years
- Increase employee engagement scores by 15% over the next 3 years

Approach

- Conduct a market analysis to identify key trends and opportunities in the European market
- Develop a new product line that addresses the needs of the European market
- Implement a cost reduction program that focuses on operational efficiency
- Invest in R&D to create new products and services that meet the needs of the European market
- Increase marketing and sales efforts in the European market
- Improve customer service and support to increase customer satisfaction
- Increase employee engagement and retention through various initiatives



THANKS!

RECOMMENDATIONS

- Because NPV is less than 0, reject the investment
- Even with reduced CSI and increases in Profit Margin, the costs outweigh the benefits
- Operational Concerns
 - The company can only last so long on 13 separate systems before they start to implode and lose capability to deliver.

WHIRLPOOL
EUROPE

CONTEXT

- Whirlpool Corporation joined with Dutch based Phillips Electronics to form Whirlpool International BV in 1990 (\$407 M, 53%).
- One year later WIBV bought out Phillips stake for full ownership (\$600 M, 47%)
- Many pan European brands created: Whirlpool, Bauknecht, Ignis, Laden, etc.
- 11 Manufacturing Plants (10 Eu, 1 Africa) and 12 Distribution centers
- 6900 SKUs
- 13 standalone information systems
- Customers: Consumers & Contractors
- Matched Market demand 79% of the time

Project Atlantic was intended to reorganize information flow between many European information systems with the installation of an Enterprise Resources Planning (ERP) system.

PROBLEM TO SOLVE

GOALS

- Reduce Days of Sales Inventories (DSI) by 12 Days from 51 to 39
- Lower Inventory Levels
- Phased ERP Installation approach to European countries in "Waves"
- Increase targeted Product Availability from 79% to 92%.
- Increase Gross Profit Margin by 0.25%
- Reduction in headcount
- Reduction in Warehouse Space due to reduced inventory
- Reduction of Returned Units
- Reduction of Bad Debt and IS expenses.

Approach

- Calculate Cash in and out flows
- Take Depreciation and Taxes into consideration
- Determine NPV



