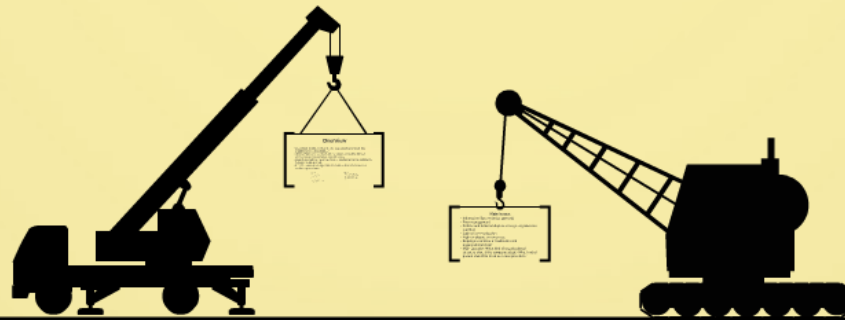


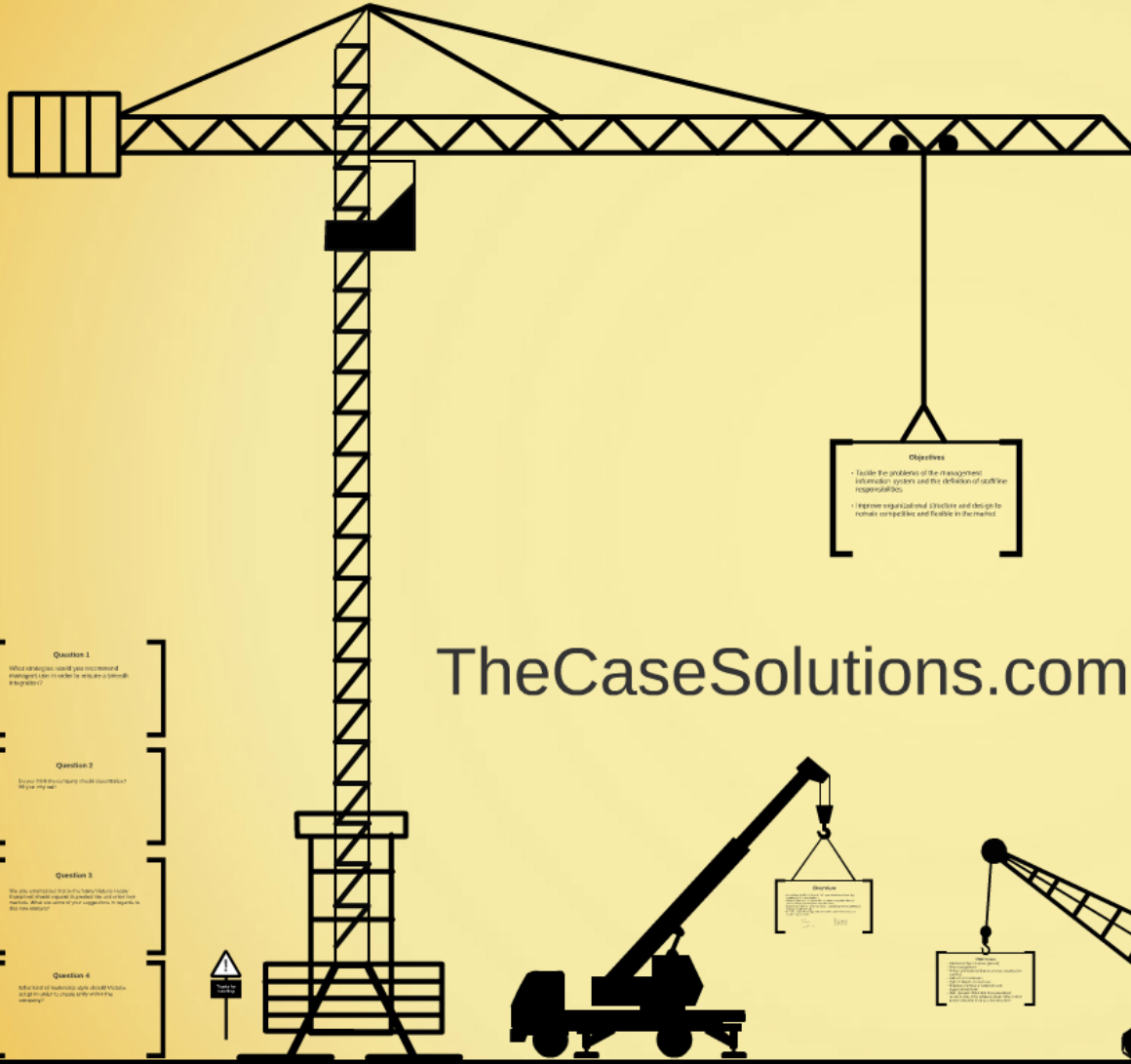
VICTORIA HEAVY EQUIPMENT COMPANY Harvard Case Solution & Analysis

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- Question 1**
What strategies would you recommend management use to reduce the company's operating costs?
- Question 2**
Do you think the company should diversify? If so, why not?
- Question 3**
What are the advantages and disadvantages of the company's current strategy? What are the company's strengths and weaknesses in regard to this strategy?
- Question 4**
What kind of technology could Victoria use to make its products more efficient?



<p>SWOT Analysis</p>	<p>Key Decision Criteria</p> <p>What is the most important factor in the decision-making process?</p> <p>What are the key factors that will determine the success of the decision?</p>	<p>Action and Implementation Plan</p> <p>What are the key steps in the implementation process?</p> <p>What resources are needed for the implementation process?</p>
<p>Quantitative Analysis</p> <p>What are the key quantitative factors in the decision-making process?</p> <p>How do these factors impact the decision-making process?</p>	<p>Alternative Analysis</p> <p>What are the key alternatives in the decision-making process?</p> <p>How do these alternatives impact the decision-making process?</p>	<p>Missing Information and Assumptions</p> <p>What information is missing from the decision-making process?</p> <p>What assumptions are being made in the decision-making process?</p>
<p>PEST Analysis</p>	<p>Alternative Assessment with Predicted Outcomes</p> <p>What are the predicted outcomes of each alternative?</p> <p>How do these outcomes impact the decision-making process?</p>	<p>Recommendations</p> <p>What are the key recommendations for the decision-making process?</p> <p>How do these recommendations impact the decision-making process?</p>
<p>Porter's Five Forces Model</p>	<p>Selection of Preferred Outcomes</p> <p>What are the preferred outcomes of the decision-making process?</p> <p>How do these outcomes impact the decision-making process?</p>	<p>Conclusion</p> <p>What are the key conclusions from the decision-making process?</p> <p>How do these conclusions impact the decision-making process?</p>



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Objectives

- Evaluate the problems of the management information system and the definition of staff's responsibilities.
- Improve organizational structure and design to remain competitive and flexible in the market.

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- Question 1**
What strategies would you recommend management to use in order to achieve a successful management?
- Question 2**
Explain the differences among the four types of organizational structures.
- Question 3**
What are the advantages and disadvantages of a matrix structure? Explain the advantages and disadvantages of a matrix structure. Also, explain your suggestions regarding the best structure.
- Question 4**
What are the advantages and disadvantages of a matrix structure? Explain the advantages and disadvantages of a matrix structure. Also, explain your suggestions regarding the best structure.

<p>SWOT Analysis</p>	<p>Key Decision Criteria</p> <ul style="list-style-type: none"> • Costs & value: How costly or cheap? • Risk: Strategic importance? • Profitability: Return on investment? • Flexibility: Ease of implementation? • Scalability: Ability to expand? • Mission: How well aligned? 	<p>Action and Implementation Plan</p> <p>1. Identify the key areas for improvement.</p> <p>2. Develop a detailed action plan for each area.</p> <p>3. Assign responsibility for each task.</p> <p>4. Monitor progress and adjust the plan as needed.</p>
<p>Quantitative Analysis</p> <p>1. Calculate the break-even point.</p> <p>2. Determine the contribution margin.</p> <p>3. Analyze the impact of price changes.</p>	<p>Alternative Analysis</p> <p>1. Identify the key alternatives.</p> <p>2. Evaluate the pros and cons of each.</p> <p>3. Select the most viable alternative.</p>	<p>Missing Information and Assumptions</p> <p>1. Identify the missing information.</p> <p>2. Make reasonable assumptions.</p> <p>3. Document the assumptions.</p>
<p>PEST Analysis</p>	<p>Alternative Assessment with Predicted Outcomes</p> <p>1. Predict the outcomes of each alternative.</p> <p>2. Assess the risks and benefits.</p> <p>3. Rank the alternatives.</p>	<p>Recommendations</p> <p>1. Recommend the best alternative.</p> <p>2. Provide justification for the recommendation.</p>
<p>Porter's Five Forces Model</p>	<p>Selection of Preferred Outcomes</p> <p>1. Select the preferred outcomes.</p> <p>2. Develop a plan to achieve them.</p>	<p>References</p> <p>1. Porter, M. E. (1985). Competitive Advantage: The Secret to Long-Term Success. New York: Free Press.</p>

Overview

- Established in 1917 in Victoria, BC, to produce horse-drawn log skidders for the forest industry
- Victoria Equipment has been able to remain competitive through product innovation and price competitiveness
- Later diversified into the crane industry, producing the first commercial hydraulic crane controls.
- In 1977, company emerges into international market and focuses exclusively on cranes.

Product Line

LTM 1000

- bulk of crane sales in 1990s-early 2000s
- Mobile cranes of 5 basic sizes
- approx. \$750K price tag

A 100

- Introduced in 2006
- 70 tonne capacity, could lift loads to heights of 61m
- optional ram-operated tilt-back cab to alleviate stiff necks
- approx. \$975K price tag

Brian Walters

- Board Chairman, major shareholder, and CEO
- Had successfully led the company to becoming the second-largest producer of mobile cranes in the world
- Concerned with his succession after he retired and who would be an appropriate replacement
- Implemented strategies to decentralize the organization
- Focused on maintaining flexibility throughout Victoria
- Michael Carter was selected in 2007 to temporarily takeover

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Main Issues

- Information System (misalignment)
- Poor management
- Politics and factional dispute amongst organization (conflict)
- Lack of communication
- High employee turn over rate
- Employees unclear of leadership and organizational vision
- Main Question: What kind of organizational structure should this company adapt? What kind of person should be hired as a new president?

- Canadian company that has expanded to the U.S. Dominant in the Canadian market (60% shares)
- World's second largest producer of mobile cranes
- Very profitable single product line
- Competitive price for medium capacity and heavy capacity cranes

Strengths

- Unclear and disorganized organizational structure
- Sales are growing but work is also piling up and not getting done
- No current profit sharing program for employees in place.
- Low employee morale and motivation
- No clear-cut plan if expanding product-line.
- Company might be too centralized

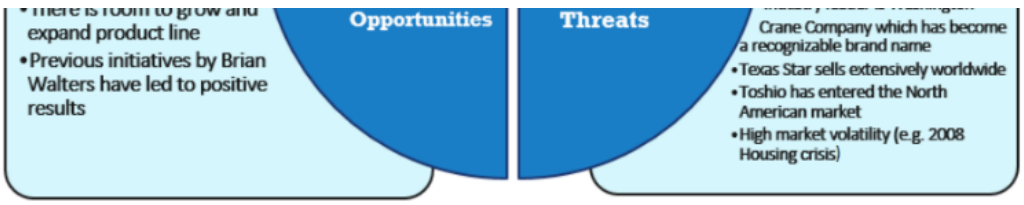
Weaknesses

- There is room to grow and expand product line
- Previous initiatives by Brian Walters have led to positive results

Opportunities

- Industry leader is Washington Crane Company which has become a recognizable brand name
- Texas Star sells extensively worldwide
- Toshio has entered the North American market
- High market volatility (e.g. 2008 Housing crisis)

Threats



Quantitative Analysis

Crane Market:

- Custom built and standard cranes are the two major segments
- World crane market judged to be \$945 million in 2007
- 15% share in \$360 million U.S market; 60% share in smaller \$66 million CAD market
- Washington Cranes had sales of \$600 million in 2007 and 50% world market share
- Victoria had sales of \$150 million in 2007 in over 30 countries

2008 Crisis:

- Decline of 10% in world crane sales; 30% decrease in North American Markets
- 75 employees laid-off at Squamish facility

Important Numbers:

- 2003 Assets were \$56K and Liabilities were \$40K; 2007 Assets were \$69K and Liabilities were 47K
- 2003 Revenue of \$95 Million; 2007 Revenue of \$151 Million
- 2003 Net Income of \$2.3 Million; 2007 Net Income of \$2.45 Million