

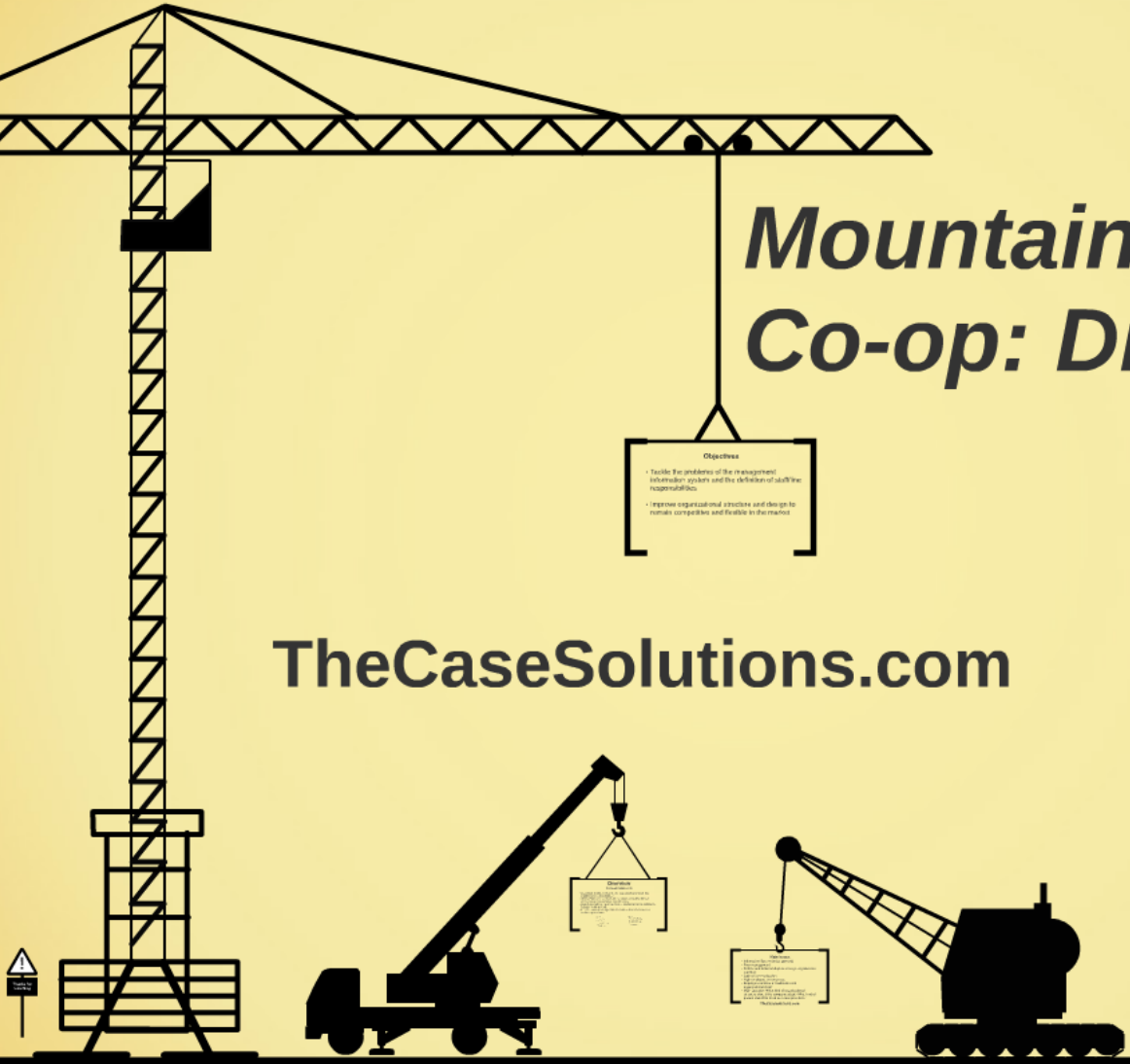
# Mountain Equipment Co-op: Digital Strategy

**Objectives**

- Tackle the problems of the management information systems and the definition of staff's responsibilities.
- Improve organizational structure and design to remain competitive and viable in the market.

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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, what type?
- Question 3**  
What are the advantages and disadvantages of using a hybrid cloud solution? How can the company best manage the risks associated with hybrid cloud solutions?
- Question 4**  
What kind of technology could Mountain Equipment Co-op use to improve its customer service?



<p><b>SWOT Analysis</b></p>	<p><b>Key Decision Criteria</b></p> <p>What are the criteria for success or failure? What are the key decision criteria? What are the key decision criteria?</p>	<p><b>Action and Implementation Plan</b></p> <p>What are the key action and implementation plan? What are the key action and implementation plan?</p>
<p><b>Quantitative Analysis</b></p> <p>TheCaseSolutions.com</p>	<p><b>Alternative Analysis</b></p> <p>What are the key alternative analysis? What are the key alternative analysis?</p>	<p><b>Missing Information and Assumptions</b></p> <p>What are the key missing information and assumptions? What are the key missing information and assumptions?</p>
<p><b>Porter's Five Forces Model</b></p>	<p><b>Alternative Assessment with Predicted Outcomes</b></p> <p>What are the key alternative assessment with predicted outcomes? What are the key alternative assessment with predicted outcomes?</p>	<p><b>Recommendations</b></p> <p>What are the key recommendations? What are the key recommendations?</p>

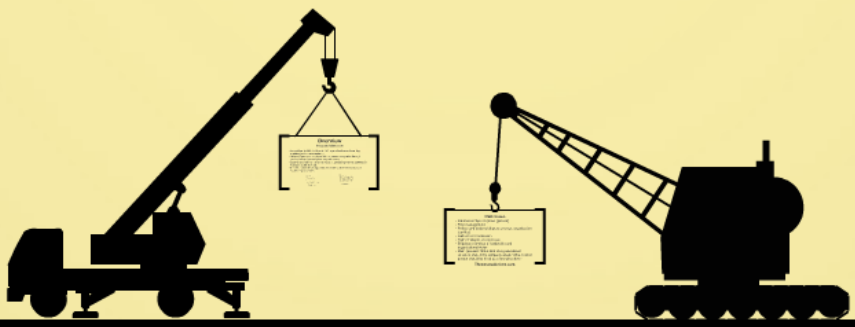
# Mountain Equipment Co-op: Digital Strategy

**Objectives**

- Enable the provision 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 take in order to achieve a successful program?
- Question 2**  
Specify the requirements (number, location, etc.) for the new system.
- Question 3**  
What are the most important factors to consider when choosing a vendor for the new system? How can you ensure your organization is getting the best value?
- Question 4**  
What are the most important factors to consider when choosing a vendor for the new system? How can you ensure your organization is getting the best value?



<p><b>SWOT Analysis</b></p>	<p><b>Key Decision Criteria</b></p> <ul style="list-style-type: none"> <li>• Cost/Benefit Ratio</li> <li>• Risk</li> <li>• Flexibility</li> <li>• Scalability</li> <li>• Integration</li> <li>• Security</li> <li>• Support</li> <li>• Training</li> <li>• Migration</li> <li>• Vendor</li> </ul>	<p><b>Action and Implementation Plan</b></p> <p>1. Identify the current state of the organization's digital strategy.</p> <p>2. Define the vision and mission for the digital strategy.</p> <p>3. Develop a strategic plan for the digital strategy.</p> <p>4. Implement the digital strategy.</p> <p>5. Monitor and evaluate the digital strategy.</p>
<p><b>Quantitative Analysis</b></p> <p>TheCaseSolutions.com</p>	<p><b>Alternative Analysis</b></p> <p>Alternative 1: [Description]</p> <p>Alternative 2: [Description]</p> <p>Alternative 3: [Description]</p>	<p><b>Missing Information and Assumptions</b></p> <p>1. [Information]</p> <p>2. [Information]</p> <p>3. [Information]</p>
<p><b>Porter's Five Forces Model</b></p>	<p><b>Alternative Assessment with Predicted Outcomes</b></p> <p>Alternative 1: [Outcome]</p> <p>Alternative 2: [Outcome]</p> <p>Alternative 3: [Outcome]</p>	<p><b>Recommendations</b></p> <p>1. [Recommendation]</p> <p>2. [Recommendation]</p> <p>3. [Recommendation]</p>
	<p><b>Selection of Preferred Outcomes</b></p> <p>Alternative 1: [Outcome]</p> <p>Alternative 2: [Outcome]</p> <p>Alternative 3: [Outcome]</p>	<p><b>References</b></p> <p>1. [Reference]</p> <p>2. [Reference]</p> <p>3. [Reference]</p>

# Overview

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- 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

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## 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?

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- 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

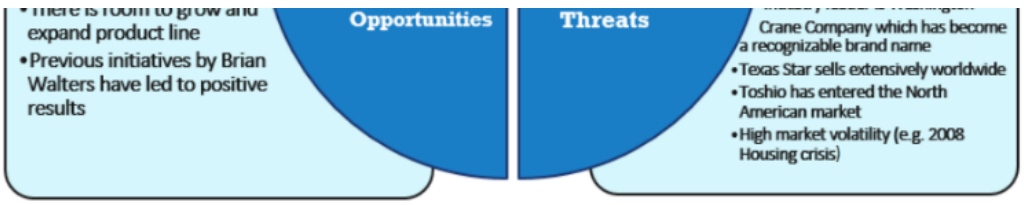
## Weaknesses

- 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

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### 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