

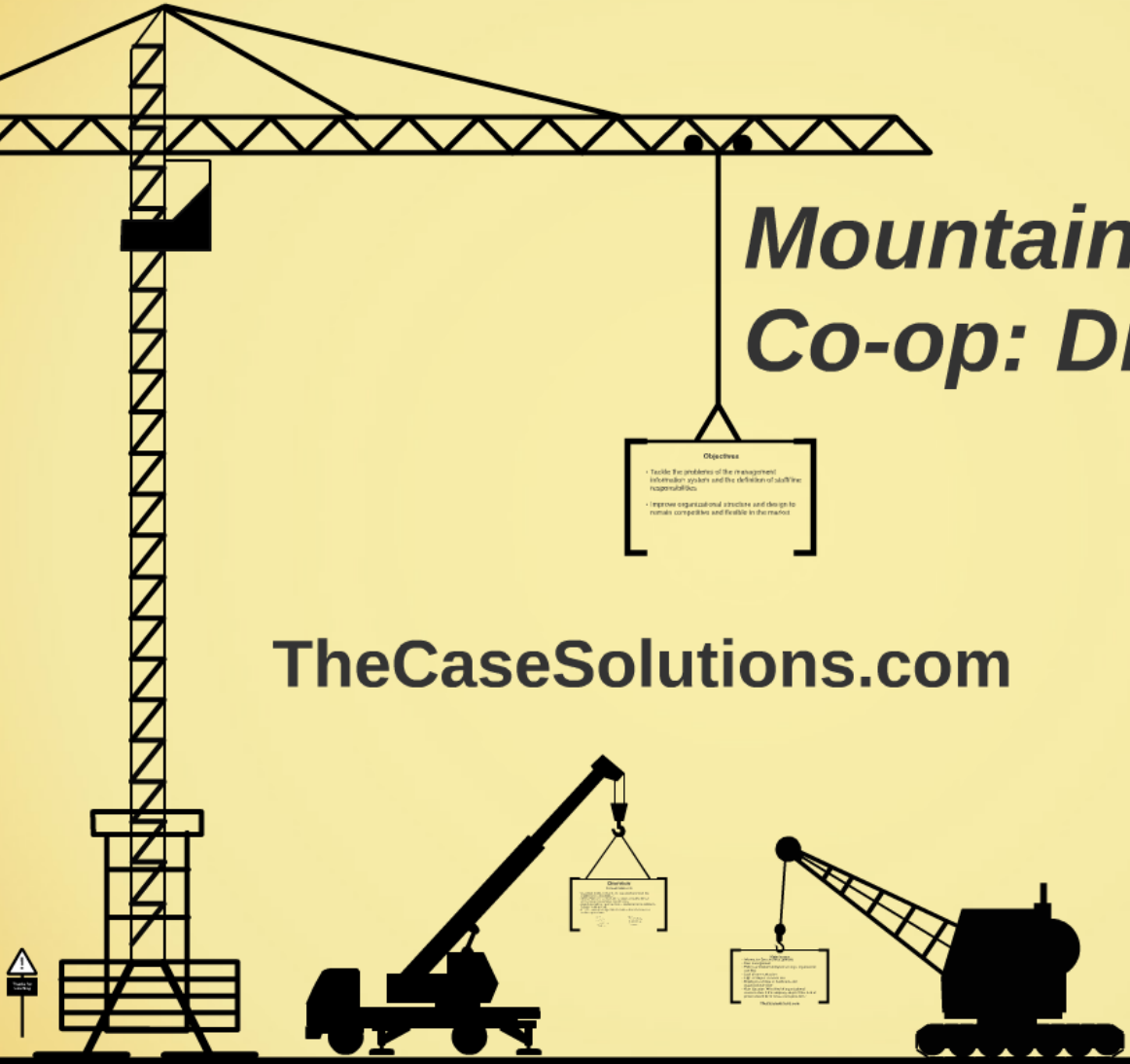
Mountain Equipment Co-op: Digital Strategy

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 this type of solution?
- Question 4**
What kind of technology could Mountain Equipment Co-op use to improve its customer service?



<p>SWOT Analysis</p>	<p>Key Decision Criteria</p> <p>What are the criteria for success or failure? What are the key factors that will determine the success or failure of the project?</p>	<p>Action and Implementation Plan</p> <p>What are the key actions and implementation steps? What are the key milestones and deadlines?</p>
<p>Quantitative Analysis</p> <p>TheCaseSolutions.com</p>	<p>Alternative Analysis</p> <p>What are the key alternatives? What are the key pros and cons of each alternative?</p>	<p>Missing Information and Assumptions</p> <p>What are the key missing information and assumptions? What are the key risks and uncertainties?</p>
<p>Porter's Five Forces Model</p>	<p>Alternative Assessment with Predicted Outcomes</p> <p>What are the key predicted outcomes for each alternative? What are the key risks and uncertainties?</p>	<p>Recommendations</p> <p>What are the key recommendations? What are the key actions and implementation steps?</p>

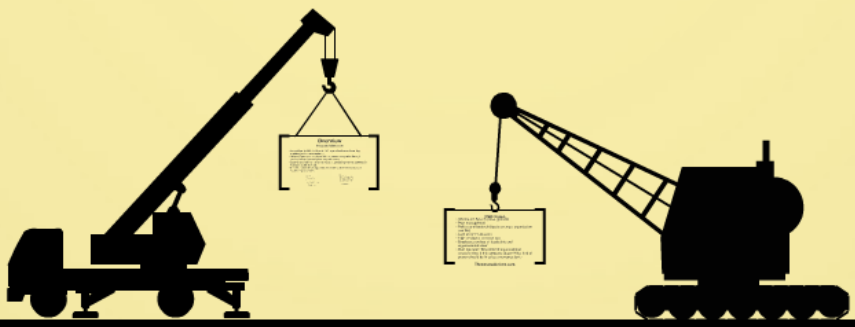
Mountain Equipment Co-op: Digital Strategy

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 to use in order to achieve a successful program?
- Question 2**
Explain the advantages of the proposed IT system.
- Question 3**
What are the potential risks to the success of the program? Explain the risks and how to avoid them. Also, explain your suggestions to mitigate the risks.
- Question 4**
What are the challenges you would expect to get from the IT system and how to manage them?



<p>SWOT Analysis</p>	<p>Key Decision Criteria</p> <ul style="list-style-type: none"> • Costs & value for company or client? • Risk (strategic importance)? • Political value, support or lack of support? • Feasibility • Ease or speed of implementation • Willingness to pay, ability to finance • Member activity model impact? 	<p>Action and Implementation Plan</p> <p>What actions will you take to implement the strategy? What resources will you need? How will you monitor progress? What are the key milestones? What are the key risks? What are the key success factors?</p>
<p>Quantitative Analysis</p> <p>TheCaseSolutions.com</p>	<p>Alternative Analysis</p> <p>What are the alternatives? What are the pros and cons of each? What are the key decision criteria? How will you evaluate the alternatives? What are the key risks? What are the key success factors?</p>	<p>Missing Information and Assumptions</p> <p>What information is missing? What assumptions are you making? How will you verify the information? How will you test the assumptions? What are the key risks? What are the key success factors?</p>
<p>PEST</p>	<p>Alternative Assessment with Predicted Outcomes</p> <p>What are the predicted outcomes of each alternative? How will you measure the outcomes? What are the key risks? What are the key success factors?</p>	<p>Recommendations</p> <p>What are your recommendations? What are the key reasons for your recommendations? What are the key risks? What are the key success factors?</p>
<p>Porter's Five Forces Model</p>	<p>Selection of Preferred Outcomes</p> <p>What are the preferred outcomes? How will you select the preferred outcomes? What are the key risks? What are the key success factors?</p>	<p>Appendices</p> <p>What are the appendices? What are the key details of the appendices? What are the key risks? What are the key success factors?</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

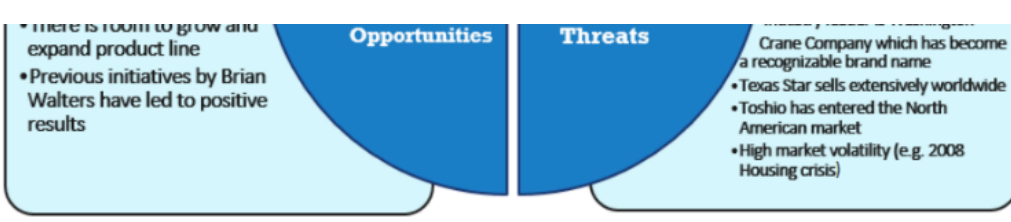
Weaknesses

- 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