Assuming Control at Altex Aviation Harvard Case Solution & Analysis

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Theodore Edwards & Frank Richards

The Beginning...
- Edwards
  - Product Manager
  - New York consulting firm - Dallas
- Richard
  - Corporate finance department with electronics firm - LA

New Company's Criteria
- Low investment
- Managerial skills
- Fragmented and non-corporate
- Growth rate: 25% per year

The Purchase
- Stock of the company for $10,000 each
- Decreasing
- Profit center
- Hiring restrictions

The Company
- Ted's Policies
  - Profit sharing
  - Revenues and Expenses
  - Bonus
  - Pricing Authority
  - Buying Power
  - Hiring & Firing
  - Salary Authority
- ALTEX
  - Altex Aviation - One of eight fixed-base operators at San Miguel Airport - Second Texas
  - Had a loss of $150,000 in sales of $2,000,000 in fiscal year 1975
  - This left the company with a negative net worth.
The Beginning...

Edwards
- Market Planning in New York consulting firm - Dallas

Richard
- Corporate finance department with electronics firm - LA
New Company's Criteria

- Low investment
- Managerial skills
- Fragmented and nonoligopolistic
- Growth rate 20% per year
The Purchase

- Stock of the company for $10,000 each.
- Decentralize
- Profit Center
- Wrong predictions
The Company

The Fuel Activity

Retail Fueling, Wholesale Fueling, Fuel Hauling, Rental Cars, Tie-Downs

Service & Parts

Flight training

Avionics

Aircraft Sales

Accounting
Ted's Policies

**Profit centers**

- Revenues and Expenses
- Bonus
- Pricing Authority
- Buying Power
- Hiring & Firing
- Salary Authority