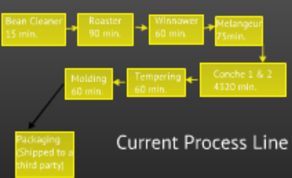

Current Process Line

Scharffen Berger Chocolate Maker

Ricky Reyna
Jesse Falkin
Caitlin McPhee
Andrew Niese
Kevin Sommers

Thecasesolution.com

RECOMMENDED STRATEGY:

Scharffen Berger should increase capacity by adding more equipment and facilities. A third party should also be eliminated which would lower costs due to transportation and would keep a high quality controlled.

Capacity Conclusions

Scharffen Berger would need 10 facilities with 10 ball mills and conches, plus the other machinery.

OVERVIEW & CONCLUSION

With added machinery the process time decreases while allowing Scharffen Berger to increase production. By adding ten additonal locations with the machinery necessary the bottleneck issue is resolved. In order to supply the current increased demand while setting the business up for future growth, we will be establishing 10 new locations throughout the united states which will allow for the Scharggen Berger brand to continue growing.

QUESTIONS???

Scharffen Berger Chocolate Maker

Ricky Reyna
Jesse Eakin
Caitlin McPhee
Andrew Niese
Kevin Sommers

SWOT ANALYSIS

STRENGTHS

One of the few that manufactures their own products

Highest quality of beans

Experienced employees

9 varieties of beans

8 different products

Weaknesses

Melangeur machine could become a bottleneck

Long process times

Only sold in 4000 retail stores

Capacity vs. Quality issues

OPPORTUNITIES

Only company in the U.S. that used the melangeur

Premium segment

Increasing gain distribution with non-traditional specialty chains (cost plus)

Has access to a cheap refurbished melangeur

THREATS

Mass market: dominated by Hersey, Mars inc., and Nestle

Power of suppliers: The cocoa farmers

Dependence on contracted packaging companies and distribution outlets to maintain Scharggen Berger's high quality chocolate

CENTRAL ISSUE

Should Scharffen Berger expand capacity by adding more facilities, equipment, or assistance from a third party?

Melangeur

Chocolate Ball Mill

STRATEGIC ALTERNATIVE #1:

Scharffen Berger could purchase the additional machinery/facilities needed to decrease the bottle neck and to keep up with demand.

Pros:

More products produced

Increases sales

Demand will be met

Cons:

Might effect taste and texture negatively

Increased maintenance and labor cost

STRATEGIC ALTERNATIVE #2:

Scharffen Berger could use a third party co-packer to mold more of their chocolate.

Pros:

- Eliminate cost of more machinery
- Avoid the resulting duplication of the tempering and molding steps

Cons:

- Buy more transportation equipment
- Transporting the chocolate
- Maintaining a high quality level
- The co-packers will not understand volumes of chocolate

STRATEGIC ALTERNATIVE #3:

Scharffen Berger could continue production as is, and hope that the ball mill will not create a bottle neck.

Pros:

- Save $50,000 from not buying the melangeur
- The ball mill has potential to increase capacity by 75%

Cons:

- Without the second melangeur, there is a risk of a bottle neck
- All the demand acquired will not be met

STRATETIC ALTERNATIVE #4:

Sell back ball mill, re-gain assets, and use towards expanding manufacturing warehouse.

Pros:

- The budget will increase
- The ball mill will not create a bottle neck
- Capacity will increase
- Demand could possibly be met

Cons:

- The production time will remain lengthy
- Expanding the warehouse would require more workers