

AI dunlap at sunbeam

Business



The final step of the rescue plan was identified by Dunlap in his own words as an aggressive growth plan (2). This was his first attempt at growing an organization he had restructured - he had sold all other companies before. So how did the growth go? Sunbeam went from \$53 per share to below \$12 per share within three months - even faster than the turnaround.

Analysis indicates the following factors to have contributed to this and their remedies:

1. Growth needs newly researched products, strong advertising, increased distribution channels, and a good marketing strategy. All this needs capital investment and time. Sunbeam had a capital investment. What they did not have was time, as Dunlap gave only 6 months for new products to be researched and to be brought into the market. This was essentially flawed, as described by a former executive Ron Gaber from their rivals Black & Decker, who stated that most companies usually give at least a year and a half for new research products. Also, Al did not have anything in the manufacturing line to claim this.

2. Then Dunlap gave his trademark touch to growth. He took over three mediocre companies - First Alert, Coleman, and Signature - and then set out to grow Sunbeam through the newly procured companies. He planned to restructure the new acquisitions (Thomas, and David 8), but that again required more time than he had. In my opinion, he should have grown up on what he had rather than taking over new companies because it was similar to having all the workforce and unstable factories he had just disposed of.

3. Then he stocked huge quantities of gas grills and other seasonal items, which did not sell as expected, causing great amounts of capital to be held up, required for research. This error can be attributed to either accounting

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predictions or poor advertising strategies. As a result, the shareholders' incentive was lost, and he could not get more capital. This did it. Sunbeam also lost its competitive edge, and the shareholders could no longer support such a venture. This caused Sunbeam's downfall and the firing of Dunlap. The lessons, in this case, are more than evident, and it shows that proper planning, time, and capital are necessary for growing a business. The capital should be rotated rather than held up, so there are lesser risks, and there should always be a tested and workable Plan-B.