

Case 10.1. electrolux company



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Case 10 Summary This case was extremely interesting to look at. Here we are looking at this company, Electrolux, who has its individual departments as most companies do and like a lot of newer companies, isn't doing the best when it comes to sales. The company had been steadily losing over two years, and then all of a sudden, with a few changes in the company " style," there is a profit being made. What the company did to make this tremendous turn-around is instead of letting each of the departments, like marketing and design, work independently from one another on the same project, they came together and worked as a team. This allowed for stronger visions for a product and newer insight on what different demographics would be looking for in a product. Essentially, the company had stereotyped a person, like " Catherin," and became that person to get a feel for what they would want out of a product. Then long and behold, you have the Breeze. This concept proved to be successful for the company. They have other competitors out there that are striving to make the best appliances, and these are companies that have been around a lot longer, like Whirlpool, yet they still have an appeal that the consumers are drawn too. What allowed them to have this advantage is that they pulled the design people to help make the product look appealing in with the engineers of the product who are producing a product that is easy to use yet very effective and different from what is already available, and they had the marketing team there who could help find the best way to get the product sold. What was also really smart of this company is after getting this foundation together of working together as a team, they took it a step further, and started involving the consumer in the design process. They would interview people in their homes and find out directly from the buyer what they were looking for. Then all they had to do

was answer their needs and if you are making what the buyer want, then they are going to buy your product, despite economic hardships. Questions

1. How Straberg broke down the barriers in the company to move toward more open communication between departments, is he just did it. He forced the teams to work together. He also brought in the help of experts from companies who excel in what they do, like P&G and Pepsi Cola. He did this with the company because the company was steadily going downhill. Sales were not where they needed to be, which meant consumers were not interested in their products. So instead of taking some other options that may have been available, like selling the company, he took this drastic move to fix it, and it paid off. It just so happens that coming together and working on the same product as a company-wide group, is more beneficial than each group in the company working on the same product individually.
2. The advantages of having all of the departments coming together and working as a group are huge. The engineers building the product may know how to make it function properly but they may not know all of the functions the consumers may want. So, with being with all the brains of the company, they could discuss improvements to the product, or things that should be removed from the product. They may be ideas that the engineers alone may not have thought of. Then you bring in the design team who wants to make the product look appealing to the consumers. They may have all of these fun new and sleek ideas, but in all reality they wouldn't work with the way the product needs to be constructed. So they could then get immediate feedback from the engineers and not have to wait until they have wasted time completely finishing a design just to find out that they have to do it all over again. Then if you bring in the marketing team, they can help decide

the value of the product and help in designing the product so it is marketable to the group of consumers that they are targeting with the product. The design team and engineers could have made a terrific product, but it could not be marketable to the demographic they were hoping to reach. So with coming together they can brainstorm as one and efficiently create a product that will sell. 3. Companies are always going to compete with each other. It is all about who can produce the best product for the lowest price. The advantage that Electrolux has is that they have their team that is together that can design the better product but find a way to design it for less. They could design the product around an ideal selling price because they have all of the masterminds who control that working together. Another advantage that they have is not only are they working together as a team, but they are directly working with the consumers. By doing this it gives them an edge up on the competition because now they know exactly what the consumers are looking for and they can find out what the consumers are willing to pay for a product. It is a win-win situation, the consumer is getting what they want, and Electrolux is able to still profit what is needed for the company to stay afloat.