Free case study on final project mueller-lehmkuhl gmbh

Business, Marketing

Statement of the Problem

1. The European market for fashion apparel fastener operates in an almost-oligopolistic manner. The market is $551 million in approximate value, growing at 1% annually.
2. Mueller-Lehmkuhl GmbH (MLG) is a major player, having 17% market share. MLG's business model incoprates the production of fasteners and the production of specialized attaching machines. The attaching machines are a cost center, not gaining a lot of revenues for MLG but serves as a way of controlling market share.
3. Hiroto Industries (HI) is a new entrant in the market and is threatening the business of MGL. It gained foothold a 7. 2% stake in the market in 1986 by producing and selling apparel fasteners. Attaching machines are excluded in their core business model and is delegated to distributors who in turn compete with MLG and other suppliers.
4. How can a company such as MLG modify the way it is approaching its business to remain profitable over the long term without sacrificing customer expectation and retain client loyalty?
5. What real operational directives can MLG do with respect to its attaching machines business, its cost accounting approach and its policies of its various support departments?

Executive Summary

1. MLG will survive and become more profitable if it concentrates on selling high quality fasteners only. It should spin off all activities related to the attaching machines as a separate company.

2. To modify MLG’s business model, we can do the following changes:

a. Remove the cost of the attaching machines from the raw material cost of MLG;

b. Allocate the machining costs properly and reflect the changes in the general overhead costs;

c. Allocate the tooling cost appropriately for attaching machines related activities.

3. MLG becomes more profitable if the business of producing apparel fasteners were segregated from the business of attaching machines.