

Starting with threat of the entrant case studies examples

[Business](#), [Company](#)



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Halloran metals company. This company was among the largest two independent regional service centers in the northeast US having seven locations in different states like New England, New York, and Pennsylvania. It is believed that in the period of 36 years of its foundation, the company had grown to sales of \$170 million and an operating profit of \$6 million.

This company was privately owned with a network of metal service centers across the northern United States through buying metals like primary steel and aluminum in plenty or bulky form. This company has its president known as Warren Hansen and the vice president known as Jim Rochleau who came up with the idea of reexamination of the strategy that Halloran the company which had been pursued or using for more than two decades in its presence.

It was due to the fact that, this company had faced a financial results for 2001 an exhibit 1 which showed a profit decline of about 70% from the previous year.

They had to come up with a strategy of trying to combine and incorporate

two primary principles as their main idea through to broad base of customers and establishing market position through specialization as their main strategy. As Jim put it clear that “ we are in business to give our customers what they want”. But their emphasis was based on a broad customer as their key element in its strategy due to the fact that the volume business in New England market is more prices competitive and attracts more of the large local and regional competition in the world market that is why it offered over ten thousand line items in all. This stock keeping units was twice the average for service centers in New England and high service content that changed the company’s higher prices than the industry norm, mostly changed Halloran to live up to its service expected goals that were put across to be aimed at. This convinced the company that its service played a important role in the developing and maintaining customer loyalty and their preferences.

Using the porter’ 5 forces of analysis which includes; threat of the entrants, Threat of substitute products or services, Bargaining power of customers (buyers), Bargaining power of suppliers, and Intensity of competitive rivalry can be used to critically analyze the weakness and strength of the company.

However Halloran normally found it difficult to compete aggressively on price because of its intrinsically higher operating costs. This was due to the result of Bulk business which tended to be very price competitive with a margin of 5% typically for orders of truckload. This was a little bit a stumbling block for the company because most of the bulk business that were handled by services centers in the Northeast was in flat rolled steel as the main product

for the company which could not fit the competitive price in the market. High technology also worked as one of the factor that led the company to remain in existence on addition of the location of the company out that they as compared to others. This should be one of the most prevailing factors on the side of the company. The presence of weak competitors in the market, play a very big role for the company to produce quality products on the expectations of the customer in order to meet their set goals and objectives. Basing on the income statement of the company it is proved that sales and net profits are matching with the company set goals and objectives.

The buyers propensity to substitute of the products in Halloran was worked upon through the idea of splitting it customers into three groups helped so much in the company's planning and analysis on their inflows through weighing and analyzing the best inflow from the customers. They were splinted in three categories key customer, major customer, and other and they analyzed that about 40% came from other.

According to the quality distribution, Jim went further with the strategy of caring out observation analysis strategy in the market to ask the customers what they actually want to be served , which products are best and the biggest pain in the neck their preferences. As matter of fact this could most probably work for the company because it is good to produce a product that fit your customer's needs in order to win the competition in the market. This came as a result of convincing the management that personal relationships and aggressive sales management were considerably more important hat sophisticated ones that why they came up with that idea t the platform.

Halloran went further to discover that it is recommendable to maintain good

customer relationship and working closely with customers enables to understand their problems and priorities the strategy which can easily make the company to boom within no minute in the price competition world of business. This would allow the company to fit in the competitive price in the world of business.

Bargaining power of suppliers

Using the strength of distributive channels, Halloran conducted a shuttle which helped them in easy delivering of service to its customers and facilitate the overnight service that it offered to its customers. This helped the company to deliver services from the company to customers when ordered in the most appropriate time by the moment. The products produced in this company were based on the principle demand and supply that was followed by the management of the company. This was followed by the quality of the products and services that can fit the competitive price in the market and influence of the customer test and preference needed periodically

Determination and high technology also worked as one of the factor that led the company to remain in existence on additional location of the company out that they as compared to others. This should be one of the most prevailing factors on the side of the company. The presence of weak competitors in the market, play a very big role for the company to produce quality products on the expectations of the customer in order to meet their set goals and objectives.

The suppliers computation was to be in position of cutting the expenses, this

company exchanged the products in the three warehouses Wilkes barre, Binghamton and Newburgh into metal directly without using the product transformation using the shuttle. This cut the expense of the transport costs which adds on the company's credibility in terms of profit rise and accessibility of the customer need in a deliverable period of time. This is proved in the income statement of 2001- 2000 liabilities and stockholder's equity where the total liability and stockholder's equity was 75610-74002 36986 an implication of imbalances in the books of accounts causing a lot of problems to the company

The bargaining power of the customer

On the side of the customer bargaining power was revealed to non conducive in a way that there was much restrictions on hours driving time from warehouse to customers they had revenue growth from various areas and this brought slit decline since predatory moves could lead to price wars. In addition to that, the competitive market the buyers seemed to consume little as compare to the produced and those ones in the stock. This was as result of inactiveness of customers and the poor marketing strategies employed by the company ant the management itself. This the most affecting factor that even faced this company where it made aggressive slit decline in the profit margins in the year 2001- 2000.

Intensity of competitive rivalry

In the above all, their aim of specializing in one product per a branch really helped the company to meet its set goals and objectives since each branch of the company was producing products on it best due to the fact that it was

its area of specialization. This helped to the company to withstand against the competitor due to the fact that they were producing goods in their area of specialization. Leading to rise and boom of the company and it set aims and objectives.

In the growth and strategic issues, where there was much restrictions on hours driving time from warehouse to customers they had revenue growth from various areas and this brought slit decline since predatory moves could lead to price wars. An abrupt expansion of geographical areas helped much in the company's growth in recent years better than the planned one where the market had been carefully analysis and scrutinized well. This worked very well for the company and helped it in one or two way in its perforation. This based largely on the existence of person within the company and having the ability to exploit the potential market.

Threat to subsistence

The management of other branches was generally poor which led to the branches not adequately working on its set aims and objectives this probably let the total closure of branches and led to customer base failure. The fact of supplier concentration company was to lay down the technique of delivering products to its customers by providing each branch with fleet truck that it used for both customer deliveries and for shuttle operations and for occasional volume deliveries to customer. This gave room for the expansion of both processing operation and the space needed for the shuttle operation.

In the recommendations it not good to plan on the basis of a real solid long

term strategy because it is too difficult to make it happen in the real life of the business and not easy to make the set things of strategies of the company to be done in the expected period of time. The mistakes and failures in the business is also one of the factors that can make the company to resolve quickly from its down fall. This is seen in the recent economic downturn that had precipitated a market shift in the service center business towards the regional and local competition which gives a signal of poor management and weak planning for the business. This was due to because the New England operation of one of the national service center companies was in the process of closing.

According to the analysis on the story of the company, it indicates that the management and the staff at large had team work strength and did well in order to see that their set aims and objectives are reached and arrived at. This is revealed in a way that they worked together to expend short distances in product delivery to customers and minimizing rises and kept the company in a liquid form and it grows by osmosis.

The primary limit to secure on the side of Halloran Company was to secure capital and capital is the most important thing to consider as the first priority as far as business is concerned. This came as a result of being highly leveraged and in the inventory intensive business leading to the company to face some complication in its performance.

Management of capital was the most arising problem in this company it is because the management did not put into consideration in managing the capital. This is revealed when other branches of the company totally closed up due the factor of poor management. This hindered the quick recovery of

the company for its previous economic crisis that had faced it before.

The customer loyalty also was base on quality goods delivered to customers hence the company putting in much expense to meet their customer needs which led the company to face complication in its day to day running of the their activities in the company.

The company also faced the costs of hire and by shuttle in order to be in position of meet their customer's required needs at all leading high expenditure in the competitive environment.

In terms of economic scale, they had opened up different branches from different areas which could act as backups of their company however these branches were poorly managed by unit managers of those branches. The bland equity was a little bit preserving because the company tried it level best to produce products that fit their customer test and preferences and could also fit in the world market competition of the price.

The branches technically specialized in one product in their inventory even though the branches were considered to be full line centers. In the exhibit 5 2001 sales hot rolled plate in Lynn operated on percentage of 2. 6%, pipe and tubing at 4. 4% and other they their operation process. This enabled all the branches to carve out a niche for itself and allowed the manager to concentrate on the materials he or she understood best as the area of specialization which created a straggle performance among all branches as Jim said that, " we must be the best in a couple of products".

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Recommendations:

Learning from mistakes and failures in the business is also one of the factors that can make the company to resolve quickly from its down fall. This is seen in the recent economic downturn that had precipitated a market shift in the service center business towards the regional and local competition which gives a signal of poor management and weak planning for the business.

Most failures in this regard can be regarded as bad. It mostly includes changes from plan in a relative closely defined act or processes of high routine operations in production and services delivery. There should a adequate training and support which employees can follow those series in agreement to uplift the performance of the company. If they don't deviance or inattention the ability to apply it might be the reason as to why performance and increase in the company's is hindered. But in such cases to appear, the likely causes can be easily identified by the top manager and solutions are advanced in company Checklists. Production resumes not obstructed if the problem can be treated within no minute.

Furthermore, Halloran's multi-facility approach to its business structure made it more inventory intensive than its competition and the firm's operation strategy made it difficult to do any significant contingency cost cutting. There was also a weakness from the branches of not laying off its members of their relatively lean staff nor trim their inventories without

seriously affecting their operations and alienating loyal customers. It is recommendable that creating strategies that can bring or improve change in the business the focus should be put on the likely outcomes of the indented strategies that are soon to be adopted by the company. The general management in the was also the one of the most important thing which helped the company much as it was in a hierarchical form they managed to make as much as possible to meet the expected set goals of their company.

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