

Hozmallo pumps

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



Hozmallo Pumps is a private limited company located in India, that manufactures and distributes high quality (producer good) water pumps for buildings all around the country. Cyrus Polpet started the company 71 years ago, but now his son, Armand is taking over as CEO. Since the last 2 years, sales of the business have been rapidly decreasing resulting in very low profits (fig. 1. 1) mainly due to the soaring inflation in India. Furthermore, the financial strength of Hozmallo Pumps has not been good. After calculating, the Current ratio of the business is 0. 98. Armand found his fathers Budgets for the business (fig. 1. 2). Many other problems have occurred in the business too over the last 2 years.

Young and ambitious, Armand has set certain goals for the future to improve Hozmallo Pumps:

- > Reduce costs
- > Increase profits
- > Spread risk of the business
- > Increase market share
- > Expand into new countries

Fig. 1. 1

Armand wants to purchase the new 'Pumpmaster 3000' to reduce costs and increase output, but is finding it difficult to pull out \$5, 500 from the business. Also, he wants to expand the business operations into the middle-eastern market. Armand found that Oman would be a good country to

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expand into for various reasons after carrying out market research. Data collected:

- * Many clients willing to buy product
- * Competitive environment
- * Cheaper raw materials than India
- * Higher labor costs than India

Despite all of Hozmallo Pump's financial struggles, the products are of very high quality and have a good brand image in India with its clients. Recently though some Dutch competitors have burst into the Indian market and Armand has found they are selling lower quality pumps, but at lower prices. This has disturbed Armand and concerned him greatly as they seem to be taking few of his clients! Currently Hozmallo Pumps has adopted a Price skimming strategy.

Currently, to transport the pumps from its factory in Kolkata to clients the business uses road haulage.

Armand's father adopted a long chain of command and had a very centralized approach to decision making. His father also believed in a very autocratic leadership style, but Armand does not agree with this and wants to change it to democratic.

Displeased with the manager of the finance department, Armand recently dismissed him, and wants to higher a highly educated and skilled new

manager. But he is short of money and will not be able to pay him a high salary.

After taking a sip of his hot coffee, he opened his laptop and got straight to work!