Brl hardy : globalizing an australian wine company case study example

Business, Company

BRL Hardy's remarkable post-merger success?

There are different factors that helped the merger of Hardy and BRL successful. Although the situations before the merger was also important in making the merger successful however this part of the report discusses only about the important factors that contribute to the remarkable post merger success of the two companies.

Focusing on creating more value:

One of the major successful factors of the merger was the main focus of the management. The idea was to create more values by spending or investing more resources and energy to retain higher number of customers. Moreover, the company focused on building a brand image as well as ensuring more constant revenues rather than single time customers. At the same time the company followed different strategies for cost saving which helped in increasing profitability. The profitability of the firm has been presented graphically in the appendix: Figure 1and Figure 2 that the profit margin has increased since 1990s. For instance, the company cut down the product line in UK from 870 products to only 230 products. Similarly, the company decreased the headcount to only 18 from 31 in UK (Bartlett, 139-158). However, the management knew that reducing the cost does not increase the revenue and therefore they followed strategies to have more constant revenues as Steve Miller commented that the strategy should be to protect the market share of the cash business along with focusing on sales growth rate.

Availability of Resources

The other important success factor of the merger was the availability of the resources. Availability of resources helped the company in making sure that they are able to reduce the costs and offer more consistent products to the company. Moreover, sufficient availability of resources helped the company to manage and executive different tasks related to creation of more value to the customers.

Proper management of the merging process

Managing the merger can be a complicated process as the company can be influenced badly if it is not managed properly. Therefore it is one of the success factors of the merger that the process of merger was managed properly. The management ensured that the process of merger was integrated appropriately and at the same time the everyday activities are also performed without any delays and ignorance. Thus, it not only allowed management of two companies to merge and integrate two companies and also allowed them to keep on satisfying their customers.

Human resources

The role of human resource is very important in any business and same is the case with BRL and Hardy. One of the success factors of the merger was the human capital and how this capital was managed. Clear responsibilities and roles have been defined for employees that ensured employees performed their tasks in the most efficient manner.

tension between Stephen Davies and Christopher Carson

Main sources of tension between Stephen Davies and Christopher Carson have been described below:

Disagreement in the long term strategy of the company

Stamps and Nottage Hill of Hardy contributed almost 80% of the total sales of the company in terms of value. Because of this reason Carson was thinking of repositioning and rebuilding the brand and launching it again (Bartlett, 139-158). However Mr. Davis was more focusing on having more local control over the marketing strategies in comparison to the long term international strategies.

Introduction of a new brand

Both; Stephen Davies and Christopher Carson wanted to introduce a new brand and therefore one of the main sources of tension was the conflict of which brand to be introduced.

Similar prices of products

Another source of tension was that the prices of product line; Stamps and Nottage Hills and Sicilians were in the same region and therefore similar prices also were the conflict.

HOW THE TENSION WAS MANAGED

One of major the steps taken by Miller in order to reduce the conflicts is that Miller promoted Carson. Because of excellent performance of Carson, Miller had given the freedom to Carson. Moreover he realized that the company needs both; Carson and Davis and therefore to avoid such conflicts he changed the hierarchy of Carson. Moreover, Miller focused on increasing the value and he believed that conflicts are an important and constructive way to progress and thus he took passive strategy in resolving conflicts. This strategy has been successful as it has helped the company to grow and the company has been able to increase its sales by 70% (Bartlett, 139-158).

Whether miller should approve D'istinto proposal or not

There are different pros and cons of launching D'istinto. The pros of launching D'istinto have been discussed first. One of the positives of introducing D'istinto is to offer a brand that could meet the needs of average consumers. As the product will be priced between 3. 99 to 5. 99 and therefore general wine consumers would be able to have it (Bartlett, 139-158). The marketing strategies adapted would connect the wine with the food and therefore it would have a high consumer appeal and more sales are expected and this is the other important pro for introducing D’istinto. Introduction of D’istinto would also offset the expected Australian Red wine shortages with the substitute of Italian red wine.

As there are positives of introducing D'istinto, there are negatives of introducing D'istinto as well. Major negatives or cons of launching D'istinto include; with too many brands to play with, the management particularly Carson may not be able to focus on other brands and if he focuses on other brands then he may not be able to focus on this new brand. Moreover, the company at the moment does not have sufficient resources and strength to introduce another brand in the European market. Thus this would be another negative point of introducing D’istinto. Moreover, Mapocho’s failure has decreased the probability of the success of D'istinto. In addition to this, introducing D'istinto would hurt the sales of the other brands of the company in the European market.

recommendation

Recommendations for Kelly's Revenge

I would have not given positive recommendation for Kelly's Revenge and there are different reasons for this and they are that the management is already stressed up and it would have further increased the stress. Moreover, there has been a below par response from different retailers such as ASDA. Although there are positives as well such as it has a colorful label that could encourage people and can stand out in the shelves in different supermarkets. Moreover, Europeans are likely to buy wine that is low priced but still I would not positively recommend the management.

Recommendation for Banrock station

There are more positives and therefore I would have recommend Banrock station. Some of the positives are the success in Australia and in New Zealand. Also the product has been backed up by Head quarter as an international product. In addition to this, the product is environmentally sensitive wine which is able to differentiate it. However there are negatives as well such as its dull label of the product.

Recommendation as Carson

As Carson, I would have tried to explain the situation and benefits that the company can have. Moreover, I would have listened to what the management is saying and what their conflicts are. By listening and understanding their conflicts I would have taken the decision in the best interest of the company.

Recommendation as Miller

As Miller I would not have introduced the new brand, D'istinto. Moreover, I would have tried to explain Carson about how the introduction of D'istinto can influence the sales of the other products of the company and I would have helped Carson understand the situation rather than being rigid in his approach.

Work cited

Bartlett, Christopher. " BRL Hardy: Globalizing an Australian Wine Company". Harvard Business School, (2003): 139-158.

Appendix

Figure 1: Profit margin

Figure 2: Profit after tax