

Willies wraps case study report sample

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



Section A: Strategic Case Analysis

In this section, the current business and corporate implemented strategies of Willie's Wraps will be analyzed and defined. Just a brief background about the company, Willie's Wrap was founded by brothers Richard and Fred Willie who were both machine operators in a components factory in 1981. After the said factory was closed, the Willie brothers used their redundancy pay to purchase machines to star-up their own wrapping business. They generally acquire their market from start-up companies looking for affordable wrapping solutions. The business grew in volume and range as the Willie brothers have learned more and more about their industry and developed range of wrapping products. However, despite the growth, the company have underutilized marketing strategies and relied on the word-of-mouth as a primary tool. As the business operates and the industry changes, the company remained stagnant until the arrival of the Fred and Richard's children in the business operations. Not everyone in the family approved ideas of one and another contradicts most of the proposed strategies. These constant contradictions led to several problems that require immediate attention. The problems are to be discussed in in the following sections of this analysis, but in order to assess the overall performance of the company; specific analytical tools and technique will be used.

Internal Analysis

In order to gain understanding of the strategic landscape's broad spectrum of analytical factors necessary to create the actual picture of the company's operational performance, the organization itself had to be deciphered of the

important elements that impacts their overall performance. The internal analysis in this area would be a useful approach to gain better insight to the company's weaknesses and strength. Willie's Wrap appears to be family-owned company in which the key decision-makers are composed of the founders and their family members as well. Fred and Richard head the company from its establishment until such time that the children entered the company and took over the other key positions. Fred's daughter, Maud focused on customer acquisition and made suggestions pertaining to the establishment of stronger customer relations with the company's clients. However, Fred is uncomfortable with the suggestion from his daughter because of the imminent risks that that company would be facing when they entered into comprise with the clients. Richard's son, Dom also got involved in the company and thought that the company is going backwards with its current strategies. It is certain Dom's technical knowledge business strategies did not amused the other family members and debated to retain the current strategic environment of the company instead of applying new concepts that only one person could understand.

Another sort of concern is about the power struggle that happens in the organization particularly when Fred announced his retirement. Both Dom and Maud are eyeing to Fred's position. In addition, there was a disagreement on the fact that a person outside of the family circle was appointed to a non-executive director. The most obvious problem with the organization that needs to be approached first is the disagreements between the family members when it comes to making strategic decisions. First of all, Willie's Wrap built its business from a perspective that involves integration of family

values to a relatively high performing industry that has a potential to expand. It may not be a dominant industry, but the promise of growth is in there waiting to be realized. Willie's Wrap operates in a local business environment where its client portfolio is only limited within its business locality. Willie's serves local and start-up businesses with their packaging needs and Maud is leading the company as the key person in acquiring new clients. However, Willie's approach to accommodating change in respect to the client's needs is somehow problematic. One potential client Sticky Sweets, a confectionary manufacturer is looking to engage Willie's to a long-term business proposition. Part of the proposal is to create customized wrappers, which is one of the major problems that Willie's customers need to be addressed. For example, a customized wrapping that Sticky Sweets can use for their customers having special occasions and put the name of the celebrant on the wrapping. However, in order to make the deal happen with Sticky Sweets, Willie's Wrap has to agree to put up a portion of its operation within the Sticky Sweets premise.

This is a problematic situation because Willie's manufacturing line was not geared up in accommodating small batches. Getting into the idea of product customization is a major concern between the two founders Fred and Richard. First, Richard leads the manufacturing line while Fred is doing the design elements and specifications of the products that will go through the manufacturing line. Richard is concerned about Fred's approach of changing the product specification while it is already in manufacturing phase. Each product is unique and the equipment had to be configured according to the product specification before they entered the manufacturing process.

However, the problem here is that Fred comes in while later in the manufacturing process to make changes, which would compromise the company's resources and time wasted in starting over with the process. Having said all that, it would appear that unless the company leaders stepped up and incorporate them together to recreate their strategies, they wouldn't be able to keep up with their customer's demands and provide the essential solution to the customer's major dilemmas.

Mission Model

As much as this analysis would like to introduce and explore Willie's Wraps' corporate mission, apparently the case information did not mention about the company's corporate mission. However, looking at the company's overall business acumen it appears that the company's mission is to become the leading local provider of wrapping solutions to the customers within their locality.

7 S Framework

Strategy - Having Fred and Richard to lead the company, with the contradictions of principles and personal values that they have creates a negative environment to the business. In addition, their children are also fighting their way to have their ideas integrated into the business's strategies. This creates a confusion as to which direction the company had to take. However, Fred and Richard remain consistent about their initiative to cut cost and innovate the automated process to make production more efficient.

Structure - Fred and Richard leads the company as founders and owners of the company. Maud reports to her father Fred, she works to integrate herself

in the company by bringing in more clients. Dom is Richard's son and reports to Richard as well, but there were no clear mention of Dom's involvement in the organization. Walter (also a family member) works with the sales team leads the team for ten years and running. In general, Willie's Wrap is a family owned business and run by the Willie's family members as well.

Systems - With regards to system, the case information did not mention particular operational system or strategy that the company follows, but the best assumption would be that since the business is family owned, therefore, every member of the family works on multiple responsibilities in multiple positions.

Shared Values - First of all, Willie's Wrap built its business from a perspective that involves integration of family values to a relatively high performing industry that has a potential to expand. It may not be a dominant industry, but the promise of growth is in there waiting to be realized. Willie's Wrap operates in a local business environment where its client portfolio is only limited within its business locality.

Staff - The staff under the sales team led by Walter performs the important function for the company by bringing in more clients and with the national based sales team working on getting more customers, Willie's Wraps is assured of future business.

Skills - Maud is more engaged in marketing, while Walter focuses and performs effectively as the head of the sales team. On the other hand, Dom brings in new ideas for the company particularly reconfiguring the corporate strategies. Fred and Richard's manufacturing expertise provides the fundamental structure in product development.

Value Chain Analysis

Based on the available information presented in the case, Willie's Wraps value chain concentrates on automation and capabilities to meet product customization. The company's corporate culture is more of family-oriented in nature. It is plagued by disagreements towards innovation marked by considerations to cost and lack of industry knowledge. However, one thing that everyone in the family agrees upon is to improve manufacturing efficiency to implement customized wrapping needs. This suggests that Willie's Wraps value chain starts from their customers and the need to provide the best possible option for product customization. In terms of Human Resources, there were specific mention of special strategies integrated into talent sourcing and utilization other than what appears to be insufficiencies of manpower as mentioned in the case study regarding overtimes and cost.

Financial Analysis

The examination of the company's financial data suggests that they are losing significant amount of profit and large expenses is eating up sales. In Year 1, Willie's Wraps made £100, 00 out of £2, 000, 000 of total sales. The profit only accounts to just 1. 5% versus the total turnover, which is very low to consider. On the following year, the company had total sales of £2, 500, 000, which translates to 4. 4% increase from the previous year. However, given that there was a marginal increase in sales, the net profit only increased by £10, 000, which is 10% increase from the previous year. To compare the company's sales performance in year one and two, it appears that the company only made 0. 6% of profit out of its total turnovers. The

reason behind this weak performance is because of the company's increased debt in year two by 65.90%. In addition, fixed assets in year two also decreased. Additionally, there were bank overdraft; creditors and proposed dividend increase in year two, which affected the revenue outcome of year two despite the increase in turnovers. It is clearly a weak performance as compared from the company's close competitors that made between 9.5 to 24% increase.

Income Analysis

Based on the company's key performance, it shows that Solutions division of Willie's Wraps yields the highest ratio in comparison to net profit. For instance, the total sales on Solutions in Year 1 are at £600,000 while profit is at £35,000. It shows that the company gains 5.83% profit out of the total sales as compared to the company's profit percentage of 1.5% from the automated wrapping division. The same thing can be said in Year 2 when Willie's gained 7.14% profit or £50,000 out of the gross sales of £700,000. On the other hand, the automated wrapping section gave the company lower sales than Year 1 despite higher gross sales.

Five Force Competitive Analyses

Porter's Five Force Model can lead the analysis of the company and its current situation in the industry itself. The first element to be discussed in this section is the threat of the new entrant. Willie's Wrap is a business derived from the idea of servicing other businesses with their packaging needs. Given the number of businesses that require packaging solutions, it is apparent that new entrants are likely to emerge in the industry. For

example, Fred and Richard established the business out of their own monetary compensation, which gives an idea that it is easy for a new entrant to penetrate the industry. The second element is the power of suppliers, followed by the power of buyers, threats of product substitute and market rivalry.

Threat of New Entrants - The threat of new comers in the industry is high, given the scale of one to ten there is an assumption that the packaging industry is likely to score eight out of ten when it comes to the probability of having new entrants in the industry. This is primarily due to the industry's size and room for growth opportunity. There are vast possibilities of acquiring vast networks of resources and assets including potential clients. However, Willie's show that it's financial positions in not strong enough if was compared to larger competitors. The company is generally not in a strong financial position that brings significant benefits such as cost reduction. However, the possibilities of better financial performance are achievable and the industry itself offers vast opportunities for growth through economies of scale. These promises of growth and low start-up makes it easier for new entrants to compete in the market at a much competitive price offering for their services. Size of start-up is not a hindering factor for new comers to enter the competitive industry because opportunities and room for growth is immense. As new businesses continue to emerge, the bigger the possibilities for new entrants to thrive in the industry.

Power of Suppliers - The power of suppliers in this business is high because the business largely relies on suppliers to continuously provide them with

raw materials to make the packaging products. Logically, the supplier has the power to totally put Willie's operation into halt. Suppliers fuel the company's operation in terms of providing raw materials that Willie's on the other hand processes to create its own products. In addition, supplier sets the price of the raw materials in which a sudden increase would largely affect Willie's bottom line. If supplier's price increases, it would mean less profit and larger expense for the company.

Power of Buyers - Buyer's power in Willie's business is moderate unlike that of the supplier. This is because the business relies on the number of customers that needs their product. Given the number of new entrants in the industry, the company can rest assured that they can continue to gain customers because as long as there are new businesses emerging, the need for packaging is constant. In addition, packaging is a major marketing component of every business; therefore Willie's can be assured that they will not run out of customers. The only influence that customers have on Willie's business is volume of orders. Volume is necessary in the packaging business because the utilization of resources and raw materials will become more efficient if the orders come in large volumes.

Product Substitutes - The threats of product substitute is low in the packaging industry. This is due to the fact that the customers' power is moderate. Packaging products are not luxury for other businesses, they are part their brand and marketing proposition, which establishes the importance of packaging in every business. Manufacturing companies rely on good packaging to establish their name and to protect their products from environmental factors that would deteriorate quality. Other businesses need

packaging in every way possible; there is no substitute to packaging other than packaging itself. Other businesses change packaging from plastic wrap to paper, but the need for it remains the same. In addition, demand for larger product volume of other businesses means bigger profit for Willie's because more products on demand translate to higher demand for packaging needs.

Intensity of Rivalry - The intensity in rivalry is high in the packaging industry. Packaging companies compete with each other on local, regional and national level because of the need to intensify each business's marketing and branding efforts. Furthermore, price-cutting techniques, processing innovation such as customization techniques are common practices in other packaging businesses, which Willie's should greatly consider if they wish to achieve profitability. This is because the packaging industry is a vast and competitors are looking for hundreds of ways for improvement their products and strategies and if Willie's choose to remain stagnant, they would be left behind in the competition.

SWOT Analysis

The company have several strength and weaknesses that it must be made aware in order to compete effectively in the packaging industry. In this industry, there are several opportunities that the company can capitalize on using their strength. On the other hand, the industry threats must also be made aware of in order to create better strategies to be successful in the industry.

Strength - Willie's Wraps' strength comes from the owner's manufacturing experience, good public relation, national based sales team, strong values

integrated to contract procurement, higher sales in bubble wrap and solutions as compared to competitors, automated manufacturing operations and steady increase in other packaging sectors particularly in blisters category.

- Manufacturing experience - The founders Fred and Richard had been exposed in the manufacturing industry for years. The former machine operators were able to apply their manufacturing knowledge into making different kinds of wrapping solutions. It is particularly important for corporate leaders to have an in-depth knowledge on the nature of their business. Experience and knowledge is the key element in every business such as the Willie's Wraps in order to sustain innovation and advantage over its competitors.

- Good Public Relations - Based on the interview with Richard, the company faces problems with delays in delivering the products because of the problem in the process. However, the company was able to deal with the problems because the PR department shows excellent handling of problems along with professional approach in operations management. Public relations in general provide the company with a tool to mitigate problems that might affect the company's reputation. Reputation is an equally important factor that the company has to keep in order to maintain trust of the clients and Willie's PR department is doing excellent in keeping that reputation strong.

- National Based Sales Team - Willie's Wraps operate on a local level, but that never stopped them from seeking potential clients even if it means competing with larger companies. The central elements to the growth and success of the company rely on customer acquisition and expansion of client

portfolio. Having a national based sales team will allow the company to expand its reach to other potential clients without the need for fragmentation. This means putting up new manufacturing sites in different locations, which will affect the effective utilization of resources and manpower. In addition, the company does not have the size of profit that will allow them make physical expansions. Therefore, the most efficient way for them to expand their market is to tap into potential locations. This approach will also increase the company's advantage over competitors because looking into the possibilities of acquiring market on a national scale is much more cost effective.

- Strong Values in Contract Agreement Practices - It was mentioned in Justin's interview with Walter (Sales Manager) that they do not allow large firms to bully them by driving out the margin with very low contract offers. Willie's Wraps' value their business above anything else by ensuring that they get fair deals from clients. The approach makes it easier to lose the customer because normally they would switch to a different provider instead. However, Willie's would rather choose to lose a client than to lose his or her own business because of significant losses. Despite losing a customer, the company covers the loss by doing better in the solutions service. This is because the price of solutions can be negotiated as compared to the manufacturing side, which includes overhead and cost of materials.

- Automated Manufacturing Process - One of the great advantages of Willie's Wraps from its competitors is the automated facility that allows them to produce products with utmost quality and speed. Automation is a sign of innovation that every business should consider integrating in their business

to allow product development and diversification of product variations. In addition, automation is a key component in taking the products into a whole new level by introducing customization into their line of packaging solutions. It was mentioned in the case file that companies such Sticky Sweets are faced with a problem of customizing their product together with a customized wrapping solution to go along with the product. Willie's Wraps could take their automation advantage to resolve such customer dilemma.

Weakness - There are several weaknesses identified after going through the company's current situation. One of which are high expenses, which eats up significant amount of money from sales that could have been added to the net profit. In addition, the company also faces a problem within its own executive organization because of the fact that the members running the company have contradicting strategic ideas. The lack of adequate communication between the founders adds up to the problem that causes the lack of cooperation in the process of improving the business's strategic approach.

- **High Operational Cost** - Based on the assumptions made on the company's financial situation, it appears that the significant amount of the company's sales is being eaten away by expenses. For instance, the cost of raw materials has increased in Year 2 by almost 35%. In addition, fixed assets have declined in the same year and it could only be speculated that the cause of such was that the company have stopped acquiring new equipment or sold one or two. This speculation brings us to the idea that it was also the reason that the company also had a decline in the number of finished goods in stock during the second year because they no longer have the amount of

machinery that will boost production. In addition, the price of the raw material has also increased for which the effect could also be tied to the decline in the available volume of finished goods at hand. On another occasion, Richard told Justin that Fred tend to accept last minute changes to the products already running in production, which entails significant resources to go to waste because the production line need to go back to the beginning. Furthermore, Richard expresses his disappointment in Fred for not taking loses into account by not charging the customer for loses. The problem here is that, the constant last minute changes wastes the company's resources without proper compensation for the loses.

- Organizational Dysfunction - It was undoubtedly that Willie's Wraps exercises good professional business practices. However, the fact that the founder's children are fighting over the top position is not a good sign for the business because it appears that the next generation of Willies is expressing personal interest to the company, which will endanger the company's business interests in return. Part of the obvious dysfunction within the executive department is the lack of unanimous decision when it comes to strategic approach. At one end the other Willies are taking the innovation to a new level by introducing customized packaging, further automation of the production process, which believed to be a solution to cost cutting. On the other side of the Willies are the traditional family members who wished to maintain the same traditional approach while the other members of the family ignores the technical approach such as value chain, cash cow and other systematic approach.

- Lack of Marketing Strategy - Although the company employs national based

sales team, there is still a need to create strong marketing strategies that does not only rely on the word of mouth. It is apparent that the company is a locally based business; therefore, the marketing approach is also concentrated locally. Marketing is the bloodline of every business. The need to get the message of the product and the brand itself across the market. For example, a pizza parlor making great pizza will remain unknown and its product remains a secret in the community unless they tell the people that they do make great pizzas. The idea here is to let everyone who try the pizza and let them know where the pizza parlor is located. The same principle applies to Willie's marketing strategy, people need to be informed about their products and services because chances are one out of ten people who were able to see the marketing materials are likely to call the office and make business with the company. There is a lot of potential that strong marketing could do for the business and it is important that Willie's develop better marketing plans if they want to increase the company's market shares.

Opportunities - Opportunities are vast for Willie's Wraps because the industry itself thrives in the needs of other businesses. Success is something that is shared by business owners that uses packaging in their business with their packaging suppliers. As soon as the client's business succeeds, it entails success for the packaging supplier as well because larger sales of the client means larger volume of packaging orders for Willie's. Therefore, opportunities should be Willie's Wraps' primary focus.

- Management System - Willie's Wraps has the opportunity to improve its management system in order to improve business efficiency. One suggestion

is the implementation of revenue management system that will effectively manage the company's cash flow. This approach should be a response to the arising market forces that will directly impact profitability. Revenue management would also help the company to balance its expenditures over sales given that the company is experiencing increase in liabilities such as bank overdrafts and creditors payment.

- Increase Demand for Packaging - Locally and internationally, demand for packaging is very high as businesses uses packaging for marketing reasons and branding. In addition, businesses that integrate marketing in their product packaging are also seeking to implement cost cutting measures, which explains the reason for using their product packaging in their marketing efforts. This represents a golden opportunity Willie's Wraps to form an industry segment that is beginning to take interest. Combined with automation and product customization, the company would be able to tap into potential markets that in return would make a lot of difference in their bottom line.

- Focus on Cost - Willie's is not limited to the number of suppliers that could actually offer lower price on raw materials. It is apparent in the financial statement that there was increase in the cost of raw material, which in the manufacturing business sense implies high cost and lower profit. Willie's has the opportunity to seek out other potential suppliers that will offer lower cost yet equally high in quality materials for production in order to balance expenses and revenue.

Threats - Willie's Wraps faces several threats that it must contend including seasonality of demand. This is because not all businesses remain strong all

year round. For example, if a flower delivery company were using special paper packaging for their business, they would go to Willie's for solutions. However, such business only reaches its peak at certain time of the year, perhaps Valentines Day. If Willie's rely on Flower Delivery Company as its primary source of orders they too will experience the seasonality of the packaging order. Therefore, Willie's need to consider the fact that seasonality would also affect their business and order volumes, unless there is a strategic approach that will contend issue.

- Threat of Competition - It was mentioned at the early section of this analysis that the industry is opens its doors to a lot of new entrants. This poses imminent danger to the company's growth because the more new market players, the more it is possible that Willie's will to be overwhelmed and eventually surpassed by competitors. Another competition threat is the existence of larger firms with more established name in the industry both locally and internationally. There is a concern with cost and it was pointed out in the case that international competitors have more advantage because of the lower cost. In addition, Price cutting techniques are among the effective tools that competitors are likely to use and Willie's cannot afford to compete in such fashion because price-cutting will further disrupt the bottom line.

- Government Regulation - Regulations range from environmental concerns regarding the use of non-biodegradable materials in manufacturing packaging. Furthermore, Willie's monthly sales data shows that the biggest contributor to their sales is the bubble wrap and blister packs. However, environmental concerns push business owners to switch to biodegradable

packaging, which in effect would affect Willie's revenues. Regulations regarding the use of plastics threatens businesses such as Willie's Wraps and compliance to such regulation is crucial in the continuation of the business's operations

Strategic Priorities

A firm's business performance is defined by how sound their strategy is and how fit they are to the needs of the market situation. A process of dynamic search defines a fit strategy in order to align the organization to the environmental factors that impact the business as a whole. Rearranging resources and organization culture to support such alignment is a strong mechanism to bring the company into higher grounds. Willie's Wraps thrive in family culture of the business wherein the family members that run the company make crucial decisions. Part of that decision is to create a strategy that will bring the company's costs down to a level where profitability is strongly realized. As the business continues to grow, more and more assets are acquired that in return contributes to the increase in operational cost. In order to improve Willie's Wraps' operational efficiency, the company should leverage on economies of scale. Procurement systems, revenue management systems, maintenance, customer point of contact and equipment upgrades will lead to the goal towards lowering operational cost. In addition, aligning the organizational structure and processes with the external environment will entail progressive and impressive financial results. This reflects the importance of strategies and strategic fit of Willie's Wraps. At the beginning of the analysis, there were several issues identified in Willie's Wraps strategic approach. It appears that the company has a lack of

product and product process benchmark that establishes product standard. There is also a hint of incompetence on the side of the management team as they decided to appoint people in directorial position that do not have enough background in the packaging industry. Another area of concern is the lack of sufficient logistics and transportation infrastructure that would actually save the company significant amount of money rather than employing the service of 3PL's. There is also a communication problem apparent in the way that Fred and Richard (company owners) communicate their ideas to one another as one tends to be more reserved while the other is more aggressive when it comes to voicing out his thoughts about certain matters about the company's strategies. Power struggle is also a problem in which the child of both owners competes for the position of one of the owners. Another problem is that Richard seemed to have no adequate knowledge about the industry based on his responses to Justin (consultant). This problem encompasses the reason why the company in general lacks the strong strategic approach. Lastly, Willie's Wraps does not leverage on industry information that could actually help the company's operation to improve. In this section, the identified problems will be explored and categorized according to priorities. Furthermore, important recommendations will be made to alleviate the problems on marginal profits and significantly high expenses.

Corporate Level Strategies

Willie's Wraps is dedicated to a foundation of operating excellence, financial strength and superior quality product. Within the company, Willie's is striving to achieve the same level of success that overseas competitors have

achieved in terms of growth and cost reduction. In essence, Willie's understand that both customer's changing needs and maintaining traditional corporate strategies are equally important. There are two elements that the company is mostly concerned about, first is the need to integrate systematic and industry corporate benchmarks and the second one is cost reduction.

Business Level Strategy

In general, Willie's Wraps is a manufacturing and service-oriented company. It tailor's its business around services that meets customer requirement and ensure superior level of service. The firm does not engage heavily on acquisitions and elaborate expansions, but rather it relies on growing its current portfolio of products and clientele. However, Willie's success is hindered by several problems that start with the lack of sustainable future plans and cooperation within the family members that run the company. There is an apparent contradiction of idea as to how the future of the company should be based on. As a result, sales, cost and manufacturing processes suffers immense dysfunction that manifests on how the unimpressive sales record and high manufacturing cost. Fred's daughter Maud Agrees with her uncle Richard to bring the business on a new perspective to be much more automated and more cost focused while Fred insists on keeping everything the same way as usual. On the other hand, other family members considers the more technical aspects of running the business by utilizing strategies based on value chain and cash cow. In addition, the organization also suffers power struggle as cousins compete each other to win Fred's position after his announced retirement.

Products and Services

Willie's Wrap offers the best packaging solution for its customers ranging from bubble wraps to carton boxes and cases. Customization is the next consideration in the company's next move to expand its line of products and services, wherein the customers can order customized wrapping.

Current Strategies and Alternatives

As a suggestion to Willie's Wraps, the company should focus on developing new product techniques and service. For example, they could expand existing service to new market, since the company is engaged in manufacturing packaging of all sorts and they have the resources to print and create cards, they should also venture into volume printing services that will cater to businesses wanting to have marketing materials, posters and flyers printed for them in addition to the product packaging already ordered. This will increase value chain, profitability and optimization of resources on Willie's Wraps' side. Furthermore, Market development is also an area in which Willie's could leverage on. In terms of the company's current market, the company should focus on improving its internal revenue.