

# Business



**ASSIGN  
BUSTER**

Go Big or Go Home Case Background Chris Mendez, the owner of a chain of dry cleaner stores in central Florida is faced with the dilemma of improving financial performance given symptoms of distress. With a recently purchased dry cleaning business from Lake Mary concurrent with quality problems, increasing expenses, managing personnel, among others, Mendez is ambivalent on the course of action to take to save his declining business given his financial crunch. He was reflecting on investing in new technology or doing nothing.

#### Problem Identification

Mendez should clearly identify the root problem in his case. The symptoms that Mendez is experiencing: tight financial position, increasing expenses, high employee turnover, and requests to increase salary are all manifestations of a deeper problem: the lack of appropriate promotions and advertising strategies for his chain of dry cleaner stores. There was no mention of any efforts placed by Mendez on promotions, which is one of the 4Ps in marketing.

#### Alternative Courses of Action

1. Status Quo. Mendez could do nothing and wait for hell to break loose. By doing nothing the following advantages would be derived: no additional costs to be incurred. However, the disadvantages are: continued losses, high employee turnover, possibility of closing more stores, demotivated employees, and high overhead costs.
2. Promote the Chain of Dry Cleaner Stores. This option could still be subdivided into two categories: (1) traditional and conservative promotion and advertisement in mediums which would cater to the local community; or (2) invest on technological improvements such as going web-based in

promoting and advertising their services.

Traditional or Conservative Promotional Efforts would entail lesser costs since the promotional activities and advertising efforts would be tailored to the local community only. Mendez could initially run promotion through giving discounts for bulk laundry and giving coupons for frequent customers. He can also advertise in local radio, newspapers or magazines of the services they offer and the promotional campaign being instigated.

This option could initially be implemented by Mendez coupled with developing training and maintenance of employees. In doing so, employees would feel more secure and would have something to look forward to in terms of development of skills and future prospects.

Investing in Web-based Technology is an attractive option if Mendez financial position can support and sustain the growth. It would promote his services on a wider scale and thereby increase clientele and market share. However, this alternative is costly in terms of investing in the technology and the purchase of trucks needed to pick up and delivery. If Mendez opts to sell other outlets and concentrate on fewer stores and use the proceeds to purchase delivery trucks, this is a viable option.

#### Recommended Plan of Action

Mendez definitely should not go on status quo but select between promoting on a more conservative basis or through the web-based customer tracking system similar to Loeb's. Given the advantages and disadvantages, it is recommended that Mendez would initially go on the conservative promotional efforts in the short run with focus on giving training and development incentives to his employees. Eventually, when revenues pick

up, Mendez could slowly implement the web-based customer tracking system as his resources can support and sustain accordingly.