

# Lorpel case study

Business



**Introduction** The success of a business is to a large extent determined by its strategic position, business tactics and the management's ability to coordinate available resources.

The formation of Lore to a significant level represents a successful business whose operational strategies presented well, researched and carefully implemented strategies. Lore was formed In 2003, having overcome a significant number of challenges in the registration process. This paper composes of an analysis of the business; including a situational analysis, company strategy and recommendations for future development.

**Background Information** The idea of forming the business was initially formed as a result of the two re-melted brothers, wanting to do something together. Victor realized the high level of entrepreneurial expertise Alleles had developed, and combined with his business experience, the probability of forming a successful company was high. The formation of the business and the eventual registration In Belabors was highly influenced by the fact that Alleles was known by some of the government officials.

This originated because of the fact that the business promised to save the environment through eliminating timber waste.

The beginning of the company's operations was marked by challenges In the use of machines which appeared incompatible with the timber waste from Belabors. This was however overcome when Alleles hired engineers and assemblers to try and solve the problem. The engineers ended up designing machinery through assembling local and imported parts locally. Intensive marketing and cultivation of relationships in the E markets was necessary

and Victor ensured that he attended trade shows and conferences, where he presented the company's products.

Having established the distribution channels, Lore was ready to grow.

The company soon started making profits and became recognized in the country. Trouble however started when the company was required to participate in funding government development efforts. Growing the business was therefore considered an unwise move, because more would be demanded from it. Victor therefore, considered the option of moving the company to Russia or Ukraine, while Alleles suggested that they should keep the business small.

The two brothers failed to agree; a factor that could lead to the collapse of the business. Primary and Secondary Problems Primary Problem:

Government requirements are currently considered a threat to the many.

There are high demands on businesses in Belabors by the government as they are expected to contribute to state development. Failure to comply with government regulations could lead to conflicts with the state officials and the business could eventually be taken and run as a state venture Secondary Problem: Currently Lore is partnership with multiple visions.

All partners need to come together to develop a unified goal if they are to succeed as a company. Analysis By using a SOOT Analysis (strengths, weaknesses, opportunities, and threats), I have determined that Lore has the capability to continue thriving In the market Appendix A: figure 1 Strengths:

Profitability is a huge strength. Lore had started 1 OFF o we tongue establishing a market snare In ten Ana Its pronto TTY was therefore high.

Records indicated that the net profit for the company was \$293, 174 in 2005, \$284, 950 in 2006 and \$346, 691 the year 2007. UAPITA availability also a strength for Lore. The two brothers were in a position to raise the capital required for the company through communication with an investment company. Dedicated workforce is another strength for the company. Lore was located in a country where errors were hardworking and determined to build the economy of the country. They were highly dedicated and Igor even noted that the company would not get more dedicated employees if they moved from Belabors.

Environmental conservation orientation is considered a strength for Lore.

Even though Victor and Alleles had not thought about environmental conservation, the fact that their company helped in eliminating timber waste helped the company in gaining recognition. Weaknesses: Lack of coordinated decision making is a weakness for Lore. Victor, Alleles and Igor do not seem to agree on the best way forward for the company. Each of these managers presents his own thoughts and none of them is willing to listen to the other in order to have an informed consent.

Opportunities: International expansion is a real opportunity for the company.

Lore could set up branches in other counties internationally and thus increase the market for its products and benefit from opportunities in these markets. Diversification is another opportunity for Lore. Instead of Just

concentrating on the wood pellet business, the company could eventually take up other projects in the timber industry. The US Market can be considered an opportunity as well.

The US market would prove profitable for the sale of wood pellets, given the high demand in the country. Exporting to the US would earn the business additional profits.

Threats: State requirements are considered a threat to the company. There are high demands on businesses in Belabors by the government as they are expected to contribute to state development. Failure to do so could lead to conflicts with the state officials and the business would eventually be taken and ran as a state venture. Uncertainties and bureaucracy in Belabors is an example of a threat.

It can be taxing to get paper work done in Belabors, because of he bureaucracy in the country. It is also uncertain to invest in Belabors because the state has a significant influence of businesses.

Ballerinas government-business relations were highly contradicting.

Alternative Solutions -10% It is important for the management to weigh the various options in order to come up with the most efficient strategy for the company to take at this particular time. The pros and cons of the options given by Victor, Alleles and Igor can be described as follows: Gross position - stay local and grow: The main advantage with Gross position is that the business was already well established in the country and therefore, toying local would be a good option.

Furthermore, the company had made a significant impact on the local community. There was a challenge however in that the climate in Belabors was uncertain and the business risked being harassed by state officials and could finally be state controlled. Victor's position – move from Belabors and start up in Ukraine or Russia: The option given by Victor provided an opportunity for the business to move to an area where there was less government intrusion such that the company could run independently and make use of all the profits obtained.

Furthermore, they would still retain their Europe market. Relocation however was not an easy task. Decease teeny would have to start from scratch. I need would need to buy new equipment, hire employees and establish supply channels afresh which may consume a significant amount of capital.

Notably, it would be inappropriate to sell Lore having invested so much in the company. Alleyway's Position – stay small in Belabors: Alleyway's option had the advantage of shielding the business from state manipulation through keeping their activities relatively invisible.

This would ensure that they were not required to fund city projects since the state tends to target high performing businesses. The use of different smaller businesses would be a way of diversification and could therefore be advantageous to the business since diversification reduces business risk. It is however notable that failing to grow Lore would be limiting its potential yet it displayed a high potential for growth, thus limiting their initial ambitions.

Criteria 5% Based on the situation analysis presented above, there are a number of factors that the company should consider.

Appendix B shows you a SOOT Matrix that takes the company's strengths, weaknesses, opportunities, and threats and gives you strategies on how to improve. The idea would be to make use of the company's strengths and opportunities in improving the weaknesses and mitigating threats. It is important for the management to weigh the various options in order to come up with the most efficient strategy for the company to take at this particular time. Best Solution, Justification and implementation 30% I would recommend Lackey's option because the business had a high potential in Belabors.

There is an opportunity to make greater impact and the presence of reliable and dedicated staff provides the business with potential for growth.

I recommend that Lore start a second small business, based on the expertise that they have already developed in the pellet production business. Take advantage of existing expertise, relationships and resources that you already have. The short term goal is to prevent the government from taking over a large corporation due to its success. To do this, I recommend developing New Company A in Belabors utilizing the exact business model that was used for Lore..

Additionally, the Income statement for Lore (Appendix A, Figure WHATEVER) indicates a market for an engineering consulting firm and therefore, long term goal will be to diversifying the business by incorporating a consulting firm and engineering support service organization.

Diversifies their portfolio will reduce risk and will result in the best profit. Short Term Action (2008-2009): In 2008, the primary goal will be to develop <https://assignbuster.com/lorpel-case-study/>

New Company A by utilizing revenue funds from Lore. I suggest using exact same business model as Lore.

Staying in Belabors provides a number of advantage including the use of skilled, cheap labor, as well as taking advantage of existing relationships with overspent officials, business contacts (IEEE. Suppliers), etc.

Lore controlling interest will be help by Alleys; he will not own any portion of New Company A. The other owner of Lore, Victor will own controlling interest of Company B. This will ensure independence between the corporations to reduce risk should government take notice.

Igor remain with Lore, train the new CEO who will eventually move to New Company A. Based on income statement from last 2 years, financial situation is very comfortable currently. I project end of 2008 to have revenue of 422 138 to use and I suggest utilizing 50% of this revue to invest in New Company A, which will begin to snow pronto DAY 2011 (Disease on ten 2 years time It took Tort Lore to grow).

Once tens short term goal has been achieved, I suggest focusing on diversifying the business by developing a consulting firm.

Long Term Action (2010 -): In 2010 Victor will establish his consulting firm, based out Belabors - he is already located in the US and travels frequently to locations of pellet factories. Based on Income statement for Lore Company indicates that the revenue from engineering for pellet producing increased irately in comparison to the revenue from pellet production, indicating that the development of consulting firm is an area that is currently growing's



consulting firm will educate people on tech CEO regulations required in Belabors; inform people how to get around government regulations successfully, specifically related to lumbar industry.

The goal of the business will be to target the lumbar industry specifically. By increasing the number of successful business in the lumbar industry , there will BEA increase the raw products that we require for Lore (sawdust).