

# Dual pane case



Dual Pane Company, founded in 2001 by John Grayson, is based on a machine he created. The machine could remove windows from their frames without destroying the wooden panes known as muntins and mullions. John and his wife Elizabeth are the owners of the company, as well as its only employees. He does the actual installation of windows, while she takes care of all the financial aspects of the company. The Dual Pane Company generally focuses its business in the residential market of the Boston area.

### Strengths and Weaknesses of John Grayson

John Grayson has one of the most important qualifications of becoming a successful entrepreneur: experience. With 15 years of experience in the home restoration business, John knows a great deal about this line of work. He is obviously very innovative and motivated. By himself, he has created a machine to do a job that could not previously be done. This machine is very revolutionary in the window pane business. The only real weakness that John possesses is the fact that he is not very business savvy. He has kept Dual Pane running steady, but has yet to expand.

While he does know practically everything there is to know about this particular trade, he does not yet seem to be as ambitious as he should be.

**SWOT Analysis** The biggest advantage that Dual Pane Company has over the competition is that there is no competition. No one else has the ability to do what John Grayson's machine can do. He has a fresh new idea that he will be able to franchise very easily and successfully. The overall state of the economy is a big factor in whether the home restoration market is doing well. Since the Graysons began business in August 2002, the economy has been favorable.

In the Boston area, there has been a decrease in unemployment and a rise in real disposable income. This rise in disposable income has been a big boost to Dual Pane's business. The actual restoration of windows is quite expensive, costing between \$3,000 and \$7,000. Many Americans have been saving less and as a result, spend more on non-necessary expenses such as this. Aside from the economy doing well, these dual-pane windows that Dual Pane Company are replacing the original single-pane windows with, are very energy-efficient. Since the late 1970s, many people have tried harder to conserve energy.

These heavily insulated window panes will do just that. They will cut down on the high energy expenses that were due to the non-insulated single-pane windows. Due to these favorable factors, business has been booming for Dual Pane Company. They have been advertising through the yellow pages and direct mail. Word of mouth has also helped boost sales as many of Dual Pane's satisfied customers have been referring them to their friends and family. The only real weakness of this company is the fact that they have yet to expand like they are capable of doing.

This one small flaw can easily be remedied once John Grayson decides how to go about franchising the business. Dual Pane's current geographic market in the Boston area is very large. They have, however, generally focused on the residential market. They have a huge opportunity in doing commercial jobs once they branch out. Once the business has been franchised, it will also be able to grow far outside of the Boston area. The main aspect that will make Dual Pane a successful company is the fact that John applied for a patent for this very unique machine.

This act has eliminated any threat of any competition in this line of work. No one else has the ability or equipment to do this job, so Dual Pane will receive all the business. **Problem Statement** The only real problem that John faces is the fact that he does not know how to go about franchising. He needs to know how to franchise, to whom he should franchise, and how to price his franchise. **Alternatives and Analysis** John Grayson can either franchise to large home restoration businesses, such as Lowe's and Home Depot, or he can keep Dual Pane in the small business market.

This decision will largely be based on how he wants the Dual Pane name to be known. If John goes the large business route, he will be able to raise the franchising cost. This move would really get Dual Pane's name out there, but there would also be a bigger risk. The quality that Dual Pane has worked so hard to achieve could potentially be compromised by these larger businesses. It would also be more difficult to successfully pitch this idea to a huge company and persuade them to heavily invest in something that would seem small-scale to them.

On the other hand, if he markets to small businesses, Dual Pane will more easily be able to keep its reputation as a quality restoration business. The company likely would not get national recognition, but it would be easier to franchise to individuals. It would also be easier to manage the relationships between the franchisor and the franchisees. The main downside to this alternative is the fact that John would have to charge a much lower price to these franchisees. **Decision** In order to keep its reputation of a small, quality business, Dual Pane will franchise to individuals in the Massachusetts area.

This will, of course, mean that Grayson will have to charge a lower price for this franchising opportunity, but he will also be able to keep his original vision of being all about quality. This alternative is much less risky than marketing to large businesses and with the uniqueness of this machine Dual Pane is practically guaranteed to be a success. Implementation John Grayson and his wife will continue to run and operate his personal Dual Pane Company. In addition, he will franchise Dual Pane to individuals in the Massachusetts Area.

He will charge \$14,000 plus 20% of profits for using his machine and his company's name. Potential franchisees will undergo an interview process so John can determine if they are driven and committed enough to be successful. Evaluation Once Grayson has five franchises set up, he will allow them to run for two years and then evaluate how they are doing. He will compare their annual earnings to his own and then determine if the franchisees are doing an acceptable job at keeping his image of being a quality company.