

Cardon carpet mills case



**ASSIGN
BUSTER**

Cardon Carpet Mills Issues and constraints The issue, which Cardon Carpet is facing, stems from the lack of expansion throughout the United States, specifically limiting their contract sales portion of its business only to the southeastern portion of the United States. Cardon Carpet Mills has several action options: 1. Expand its market share in contract sales segment throughout the US. Employ ten sales representatives to seek potential institutions and businesses throughout all of the US. Compensate these personnel based on commission, that is, the amount of clients they contract to the business. . Sell its products of Contract sale to institutions and businesses especially ones located in the metropolitan areas their wholesalers reside in. 3. Present a contract that specifies a referral of at least five institutions by each of their wholesalers and in turn Cardon would compromise in regards to the “ Margin Sharing” proposal. Organization Assessment Cardon Carpet Mills, Inc. is a privately held manufacturer of a full line of medium-to-high-priced carpet primarily for the residential segment.

The company markets its products under the Masterton and Chesterton brand names. Robert Meadows is the president and Suzanne Goldman is his special assistant. Refer to Exhibit 3. Market and Industry Assessment Wholesale and retail distribution in the U. S. carpet and rug industry has gone through a lot of instabilities since the 1980’s. Shaw Industries, a manufacturer, the carpet and rug industry leader opened its own retail stores but suffered losing many of their buying groups. Shaw eventually sold its retail stores and returned to their prior channel.

The Market has experienced an increase in dollar sales, however this is offset by limited profitability for manufacturers. Refer to Exhibit 2. Customer Assessment Cardon Carpet's direct customers include: institutions and businesses and wholesalers. Cardon's indirect customers include: Retailers and consumers. Action Assessment The industry shows a lot of instability in this industry, but more importantly highlights the sensitiveness of retailers and wholesalers to a manufacturer's decisions. Refer to Exhibit 4.

Shaw industries' experience proves that Cardon should maintain their wholesalers and capitalize on their long-term relationships by seeking their expertise in targeting business and institutions. Refer to Exhibit 1. Recommendation/Action Selection and Plan Cardon must Compromise with the wholesalers in order to expand its Contract sales segment and increase market share. The agreement would guarantee at least five new clients in each of the seven wholesaler locations. In return, the wholesalers would receive a price reduction and have incentive to help Cardon Mills become sustainable.

This presents a mutually acceptable solution that looks to fill a huge part of the market, which Cardon has yet to capitalize on. Implementation Plan Set up a meeting with a leading official at each wholesaler site and Send a Cardon executive to each of the seven locations. Specify in the contract/agreement that the referrals have to actually become contracted customers of Cardon. Indicate that these institutions can be the wholesaler's accounting firm, corporate locations etc.