**Strategic Management in Dynamic Environments (MGMT 690)**

PROJECT SERNARIO

**Company Biography**

In January of 2002, John Ferrer and his wife Deborah started their own corporation, a large custom furniture manufacturer located in Boston, MA. Their initial accounts were in the Northeastern region of the United States, and they annually observed a constant profit increase. By March of 2006, they were able to grow the company enough to go from five distribution and manufacturing plants to 10 to allow shipping to 48 states. Although they have two retail stores, one located in Phoenix and one in Boston, their primary source of revenue is online catalog sales. They have 10 manufacturing plants and distribution centers throughout the country.

John and Deborah’s corporation is known throughout the industry for its exceptional customer service and superior quality. The contemporary designs lend themselves to a younger market, and the customer base is predominantly upper-middle class because it is one of the highest priced furniture companies in the market. Part of the appeal of John and Deborah’s brand is their consistent involvement with the local communities to create green gardens. They have also been a major contributor to organizations that build houses for people in need.

One of their primary strengths is their vertical integration. They have a team of in-house designers saving the company design costs and allowing the flexibility to rapidly change designs as the market changes. Their products have been featured on several prominent home design and gardening shows and have been endorsed by several well-known designers.

Because of the recent housing market sales decline (8% from 2005–2006), home renovations have slowed significantly. This has impacted the amount of furniture and fixture sales and continues to impact revenue. Furniture sales in the United States have decreased significantly, and John and Deborah have recently been discussing the possibility of global expansion.

Another potential threat to their company is that many higher-end brands have been marketing aggressively and creating lines for popular retail stores. These allow the lower-income consumers to have access to high-end brands at a much lower price point. So far, these lines have been incredibly successful and have significantly increased profits for competitors. Many of these competitors have also had great success in the global marketplace with these lower cost replicas.

John and Deborah know that it is time to seriously consider expanding their business. They want to be able to make it through the economic crisis and rely on other ways to increase sales and business. They are open to looking into the global market, but they want to be sure that it is the right move for the business. They have requested an advisory board meeting next month in which you will present the global marketing strategy. As the market strategist, you will play a key role in helping the board decide if this is the right move for the company.

**The Problem**

You are sitting in Deborah Ferrer’s office. After the customary small talk, Deborah sits forward and states, “I am very impressed with the work that you have done as the strategic marketing manager. Since John and I started this company in Boston, we have seen continuous growth, but nothing like what we have seen since you started. However, the housing market is really starting to impact our profits. This last quarter’s numbers were not looking good.”

You reply, “The crisis has really hit us hard. We have some stiff competition, too, with the other brands creating retail knock-offs.”

She counters, “We’ve had great success with your strategies in the domestic markets, but we do need to think of a new approach and strategy. I have complete faith in your abilities to take this company exactly where it needs to go. I must say that we are really counting on you, and I know that you will follow through.”

“I will make sure that we do well. Do you have any new projects for me?” you ask.

Deborah smiles and says, “You know me well. I do have a new project for you. I sent you an e-mail just before our meeting. I’m curious if expanding in a global market would be a good move for our company. I would like you to look into this for me.”

“Our team is definitely up for the challenge,” you say with enthusiasm.

Deborah shakes hands with you warmly, and you make your way out of the meeting. As you drive out of the parking garage, you think about your success with the company. You cannot wait to get started.

.