Ross School of Business at the University of Michigan

Independent Study Project Report

TERM	**: Winter 1996**
COURSE	**: IB 750**
PROFESSOR	**: Andrew Lawlor**
STUDENT	**: Paul Erhardt**
TITLE	**: Whirlpool Poland Study**

Whirlpool Poland Study

February 1996

by

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A research paper submitted in fulfillment of the requirements for a 1.5 credit
GRADUATE INDEPENDENT TEAM RESEARCH PROJECT IB 750, Winter Term 1996
Professor Andrew Lawlor, Faculty Supervisor

NOV 2 2 1996

Faculty Comments

This team independent study project was the domestic (Ann Arbor and Benton Harbor, Michigan) seven-week piece of a fourteen week process studying the Polish appliance industry for corporate sponsor, Whirlpool Corporation. The last seven weeks, the IMAP portion of the project, was conducted in Poland, Italy, and Ann Arbor.

The process included considerable reading and absorption of company-provided briefing materials; secondary research in Kresege Library using the various sortable and interactive databases; full understanding of previous IMAP, IB 745, and Davidson Institute reports on the Central European and Polish appliance industries and Whirlpool's positioning and acitivities there; a full-day, on-site visit to corporate headquarters in Benton Harbor with a video-conference to European headquarters in Comerio, Italy, and research and creative time to understand Whirlpool's company in Warsaw, Poland, the appliance industry dynamics, and the Polish country culture and business environment.

The project deliverables included a Polish socio-economic position paper, a series of questionnaires to be used for in-country data collection with the different parts of the appliance industry value chain, and a milestone chart and sequential schedule for data collection activities in Poland.

The body of research and compilation work, preparation for the field work, the written and oral presentations, and the overall team process and work ethic of the seven week effort warranted an "EX" - an "Excellent" as a grade for the IB 750 engagement.

Andrew Lawlor, Faculty Advisor

Whirlpool IMAP Team

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IMAP 1996 Whirlpool Country Report

February 29 1996

1. The Economic and Political Environment of Poland

Politics

Since 1989, Poland has undergone numerous political and economic changes, shifting from a single-party Communist (socialist) government to a multi-party, parliamentary democracy. Since 1989 there have been six changes in governments and seven Prime Ministers leaving foreign investors questioning the stability of the Polish political world.

Among the most recent and radical change occurred in February, 1995 when President Lech Walesa forced then Prime Minister Waldemar Pawlak, of the PSL[1] to resign. He was replaced by Józef Oleksy, member of the SLD.[2] A new SLD-PSL coalition government was formed with the balance of power tipped towards the SLD.[3]

The SLD and the PSL continue to make up the government coalition. In January, 1996, Waldemar Czymoszewicz became the new leader of the coalition. He replaced Józef Oleksy when Mr Oleksy became embroiled in a scandal for spying on Poland for the Soviet Union. Oleksy has denied that his relationship with a KGB official in the ealry 1980s involved any spying and that he was unaware at that time that the Russian acquaintance was a member of the KGB.

In November, 1995 Poland elected Aleksandr Kwasniewski as the presidential successor to Lech Walesa. Kwasniewski was a member of the Democratic Left Alliance prior to being elected and has since kept Polish tradition by resigning his post in the party. Many Poland observers expressed concern that with the presidency and the parliament dominated by former communists that reforms in Poland may slow down or reverse in some senses. This has not been the case. The privatization program has continued on course, the government has continued to press for NATO membership against the wishes of the Russians and Poland looks likely to join the European Union before the year 2000.

While the political scene in Poland has been quite turbulent since 1989, the reform program has remained remarkably on track. This is because Poland has two very strong institutions largely outside of political control, the central bank and the Catholic church. The National Bank of Poland was made quite independent in the early stages of reform. This has meant tight fiscal policy often to the chagrin of the parliament The recent public debate over interest rates between Hanna Gronkiewicz-Waltz, the head of

[1] PSL: Polish Peasant Party - a "coalition" partner of the communist era regime.
[2] SLD: Social Democratic Alliance - successor to the communist party.
[3] EIU Country Report, Poland, 1994, p. 3

the bank, and Grzegorz Kolodko, the Finance Minister, is a strong indication of the independence of the bank.

The Catholic Church continues its active political role that it has played throughout Polish history. The churches anti-communist activities before 1989 were championed by nearly all Poles. The church today do not enjoy this universal support and there are two main reasons for this. The membership of the church was huge prior to 1989. Many Poles went to church, however, not to express strong religious beliefs but rather to show their opposition to the government. With the fall of the communist regime, the church no longer played this role and church attendance dropped. The second reason is that the church has adopted an extremely conservative social agenda that has alienated many mainstream Poles. The adoption of a strict anti-abortion law heavily supported by the church and opposed by a majority of Poles is an example of the influence the church has over politics.

Throughout recent months there has been a number of demonstrations in Warsaw that express discontent with the government among miners, teachers, and other professional groups as well as strikes by the workers of Ursus, a truck and tractor manufacturer. Although one demonstration was marred by violence between the miners and the police, most of the demonstrations were relatively peaceful and without incident.

COUNTRY DATA[4]	**1993**	**1994**	**1995**	**1996 (Estimated)**
Population (in millions)		38.4	38.5	38.6
GDP-(USD Billions)	85.8	86.5	87	88.5
GDP Growth Rate (real % change)	4%	4.5%	5%	7%
GDP Per Capita (in current USD)	2,227	2,238	2,240	2,294
Gov't Spending (% of GDP)	27	26.5	26	25
Inflation (% change Dec.-Dec.	35%	27%	22%	21.1%
Unemployment (percent)	15.7%	16%	16%	14.5%
Foreign Exchange Reserves, NBP	4,230	4,180	5,800	14,800
Average Exchange Rate (in old Polish Zloty)	18,145	22,000	24,200	25,400
U.S. Economic Assistance	130	100	100	120

Population and Geographic Statistics		
Male—Female ratio	%	48.8—51.2
Urban/Rural	%	61/39
Area	SQ KM	312,683
Population density per sq km	No/SQ KM	123

[4] Statistics gathered from the following sources: EIU Country Reports, 1995; 1995 Country Commercial Guide, Department of Commerce, U.S. Embassy, Warsaw, Poland; *Central European Economic Review*, Wall Street Journal Europe, July/August 1995, p. 8.

No. of households	MM	12.2
Average family size		3.2
Employment in private sector	%	60
Exchange rate plz new/plz	Redenomination took place in January 1995	1/10000

Source: Glowny Urzad Statystyczny (GUS)

2. Recent Economic and Social Developments

Reform Update

Poland's reform process continues to move in a generally positive direction. The return to economic growth in 1993 was largely a result of Poland's ability to redirect its exports away from the defunct COMECON trading system to the OECD nations. Poland now exports over 75% of all exports to OECD nations. The forecasted growth in GDP will depend largely on maintaining the growth level of exports. In the final quarter of 1995, Poland experienced annualized GDP growth of 7%. If continues to be the fastest growing economy in Europe and rivals growth rates achieved by the Asian tigers.

Foreign investment has increased this year is expected to top $2.5bn. Among the leaders are Korea's Daewoo which won out over General Motors in the courting of Poland's passenger car company, FSO. Daewoo will invest $1.1bn in the next 5 years to upgrade FSO facilities. GM's decision, after losing out on FSO, to build a $300m greenfield production facility is an indication of the importance of the Polish market to international auto manufacturers. Daewoo has said that Poland will be its base for European auto manufacturing.

Privatization

"The entire process of privatization and restructuring which Poland is undergoing is highly politicized..."[5] and marked by bureaucratic and political opposition. Under Pawlak's government (PSL), privatization was resisted and slowed.[6] According to EIU reports, the Oleksy government passed the mass privatization bill that will shift ownership in over 400 Polish firms to private hands. The fact that Poland is years behind other reforming countries like Russia and the Czech Republic in implementing a large privatization scheme is testimony to the strength of Polish unions. Essentially, privatization continues at a slow rate and is destined to be adversely affected by bureaucracy and political battles focused on ideology rather than facts.[7]

The privatization plan in Poland centers on the creation of 15 National Investment Funds (NIFs) with management boards made up of foreigners and Poles. The design of

[5] 1995 Country Commercial Guide, Department of Commerce, U.S. Embassy, Warsaw, Poland, p. 41
[6] EIU Country Forecast for Poland, 1995.
[7] *Business Central Europe*, Feb. 95, pg. 35.

the plan is for these funds to choose among 400 firms selected for privatization by the government in what has been describe as a process similar to the National Football League draft. After the initial round, the NIFs will be allowed to swap in the second stage. Then shares are to be issued to all 27 million adult Poles. Finally the shares of the NIFs will be traded on the Warsaw Stock Exchange. The draft selection order was determined in July, 1994, and the NIFs began selecting firms in early September, 1994.

Despite the late adoption of a mass privatization of state-owned enterprises (SOEs), the private sector in Poland has grown substantially and now accounts for over 60% of GDP. The liberalization of regulations governing the establishment of private businesses (particularly in the retail and manufacturing sectors) was a central component of the "big-bang" approach to Polish reform begun in 1989. Equally as notable has been the change in behavior of firms remaining under state ownership. The introduction of hard budget constraints has turned many of these firms into quite profitable enterprises. In fact, reported average profits for SOEs were higher than that for private companies in 1994. While this may be a result of the relatively larger size of firms in the state sector, it nevertheless helps to illustrate the success of SOEs in adjusting to the market environment.

Future Directions

The outlook for Poland is quite good. The political turbulence since the transformation began has not derailed the reform movement. Privatization continues in all industries and even with the mass privatization plan still pending, over 60% of GDP comes from the private sector. After 4 years of shrinking GDP and high inflation, the economy has rebounded and grew at 7% in 1995. This represented the highest growth rate in Europe and rivals many of the so-called "Asian tigers". Inflation has been reduced to 21% annually and is expected to fall under 20% by 1997. Interest rates as well have come down to 22.5% for short-term lending.

Foreign investment has continued to grow. Poland attracted $1.3bn in 1994 and $1.7bn in 1995 is projected to see an increase to $2.5bn in 1996. The climate for investment is favorable and the advantages to producing in Poland have been acknowledged by many multinational firms. This will mean growth in business for SMEs serving industries attracting investment.

The re-opening of markets in the former Soviet Union will benefit Poland immensely. The Poles were very successful at redirecting trade to Western Europe after the collapse of the COMECON trading system in 1990. In 1994 Poland exported over 75% of its products to the European Union and other OECD nations. Regaining markets to the east will add to the export potential of Polish firms.

Per capita GDP in Poland remains low at $2,294 in 1994 versus $3,882 in Hungary and $4,338 in the Czech Republic. Monthly wages, however, are on their third year of growth and have reached an average of $307 and projections are for this increase to continue. This may begin to put some pressure on manufacturers in Poland as labor rates increase and stability in Ukraine and Russia begin to attract production to those nations. Several Polish companies in textile manufacturing, for example, have already begun to take advantage of lower labor rates in the former Soviet Union by contracting production to Russian and Ukrainian firms. Poland's location on the crossroads between East and West that has hurt Poland historically is now acting to its advantage.

WHIRLPOOL POLSKA (TEAM #2)

[redacted]

ACTION PLAN PURPOSE: To provide Whirlpool with improvements to and an update of the existing strategic model for the Polish market and a framework for ongoing strategic planning. This will be accomplished by focusing on:

i) performing country-specific NSO needs assessments,
ii) identifying success factors and best practices, and
iii) recommending specific action items.

ACTION PLAN GOALS:

1. **UPDATE THE STAGES OF DEVELOPMENT MODEL AND WORK WITH NSO MANAGEMENT ON THEIR 1996 STRATEGIC PLAN REQUIREMENTS.**

2. **REVISE AND EXPAND THE TRADE PARTNER AND SHOP ASSISTANT MARKET RESEARCH TOOLS AND ANALYSES TO INCLUDE DETAILED QUESTIONS ON CUSTOMER SATISFACTION AND AFTER SALES SERVICE.**

3. **ASSIST WHIRLPOOL POLSKA IN THE COLLECTION OF 1996 DATA FROM A LARGE CROSS-SECTION OF TRADE PARTNERS, SHOP MANAGERS AND ASSISTANTS, AND CONSUMER DATA SOURCES.**

4. **COMPARE AND CONTRAST THE MARKET RESEARCH DATA ACROSS THE TWO YEARS AND RECOMMEND COURSES OF ACTION FOR IMPROVED RESULTS, PARTICULARLY AFTER SALES SERVICE.**

5. **REVISE AND EXPAND THE IGNIS MARKETING PLAN BASED ON THE FIRST TWO MONTHS OF PRODUCT ROLL-OUT. COMPARE AND CONTRAST THE POLAND PROMOTIONS, SALES TACTICS, AND RESULTS WITH THE HUNGARY, CZECH, AND SLOVAKIA IGNIS RESULTS.**

6. **ASSIST WITH 1996 DOCUMENTATION OF, AND ANALYSIS OF THE REGIONAL DISTRIBUTION CENTER SYSTEM AND PROCEDURES THAT MAY BE APPLICABLE TO THE 1996 STRATEGIC PLAN.**

ACTION PLAN GOAL #1

Update the stages of development model and work with NSO management on their 1996 strategic plan requirements.

ACTION ITEMS

1. Gather Political/Economic Data

- Macroeconomic environment
  - GDP/capita
  - GDP growth
  - FDI
  - Unemployment
  - Real wages
  - Days wages to purchases white goods
  - Inflation and currency exchange
  - Projected statistics

- Political environment
  - Current government
  - EU entry / timeline
  - Recent elections
  - Stability

- External data sources
  - EIU Reports
  - Business Central Europe
  - WDI Internship Reports
  - Lexis/Nexis search
  - 1996 Whirlpool Teams #1 data

- Whirlpool internal sources
  - Market Projections
  - GIF Database
  - Prior Year Planning Reports

2. Consumer States of Development

- Consumer preferences
  - Price
  - Features
  - Service Satisfaction

- Selection availability
    - Brand offerings
    - Channels of distribution and merchandising

- Consumer trends
    - Projected purchasing power
    - Purchase needs and prioritization

- Sources
    - Lexis/Nexis search
    - In-Country consumer interviews
    - In-Country Trade Partner interviews and questionnaires
    - Market survey data
    - Product registration data / warranty surveys

3. **Trade Partner Stages of Development**

- Trade Partner needs
    - Discounts
    - Pricing structure
    - Product availability
    - Consumer promotion levels

- Distribution trends
    - Consolidation / concentration
    - Store formats
    - Trans-national trade partners
    - Price and discounting

- Sources
    - Lexis/Nexis search
    - **WDI** reports
    - In-country interviews
    - Trade partner questionnaire
    - Interviews with Sales Managers
    - Interviews with Trade Partners

4. **Competition Stage of Development**

- Competitors
    - All competitors in market
    - Product portfolios and brands
    - Production facilities and capabilities
    - Distribution facilities and capabilities

- Pricing

- Competitive trends
  - Consolidation
  - Production capacities
  - New entrants
  - New models and price points

- Sources
  - Lexis/Nexis search
  - Compact Disclosure search
  - Industry trade journals
  - WEBV reports

  - In-country interviews with management

5. Update Stages of Development Model and Score Country

- Determine appropriateness of current model
- Incorporate revisions to reflect observations from above steps
- Score country on model
- Discuss with Whirlpool management
- Identify implications of country development stage

ACTION PLAN GOAL #2

Revise and expand the trade partner and shop assistant market research tools and analyses to include detailed questions on customer satisfaction and after sales service.

ACTION ITEMS

1. **Expand Trade Partner and Shop Assistant Questionnaire**

   - Develop detailed questions to assess customer satisfaction
   - Develop detailed questions to assess after sales service
   - Review questionnaire with Whirlpool Polska
   - Create English and Polish versions

2. **Assess Current Level of Customer Satisfaction and After Sales Service**

   - Review current information about customer satisfaction
   - Review current information about after sales service
   - Analyze information and identify trends

3. **Collect Customer Satisfaction and After Sales Service Data**

   - Assist Whirlpool Polska with trade partner and shop assistant interviews
   - Analyze information and identify trends

4. **Benchmark Results Against Main Competitors**

   - Compare Whirlpool Polska customer satisfaction results with main competitors
   - Compare Whirlpool Polska after sale service results with main competitors
   - Identify strengths and weaknesses

5. **Recommend Improvements**

ACTION PLAN GOAL #4

Compare and contrast the market research data across the two years and recommend courses of action for improved results, in particular, in after sales service

ACTION ITEMS

1. **Collect 1996 Market Research Data (Action Goal #3)**

   - Conduct trade partner interviews
   - Interview General Managers / Sales Managers/Distribution Managers
   - Interview trade distributors and retailers

2. **Compare and Contrast Data across 1995 to 1996**

   - Analyze information and identify trends
   - Impact of Whirlpool Ignis launch
   - Impact of competitors product launches

   - Delineate by trade partners / market areas / customer segments / product lines

3. **Determine Implications and Linkage to Strategy**

   - Differences versus 1995 data
   - New significant events in market
   - Inconsistencies with Whirlpool Polska strategy assumptions
   - Criticality and effectiveness of after sale service

ACTION PLAN GOAL #5

Revise and expand the Ignis marketing plan based on the first two months of product roll-out. Compare and contrast the Poland promotions, sales tactics, and results with the Hungary, Czech, and Slovakia Ignis results.

ACTION ITEMS

1. **Review Ignis Marketing Plans and Launch Plans**

   - Hungary
   - Czech
   - Slovakia
   - Poland.

2. **Collect and Analyze Ignis Sales Information and Results**

   - Hungary
   - Czech
   - Slovakia
   - Poland

3. **Compare and Contrast Ignis Sales Information and Results for Poland with:**

   - Hungary
   - Czech
   - Slovakia

4. **Assess Effectiveness of the Ignis Marketing Strategy**

   - Launch plans
   - Multi-brand strategy

5. **Identify Key Success Factors of Ingis Launch for the Four Countries**

   - Promotions
   - Sales tactics
   - Distribution
   -Etc.

6. **Compile List of Best Practices Among the Four Countries**

ACTION PLAN GOAL #6

Assist with 1996 documentation of, and analysis of the Regional Distribution Center (RDC) system and procedures that may be applicable to the 1996 strategic plan.

ACTION ITEMS

1. **Analyze Regional Distribution Center (RDC) System and Procedures**

   -Review current documentation of theRegional Distribution Center (RDC)

   system
   - Product flow in the system
   - Information flow in the system

   - Review current Regional Distribution Center (RDC) procedures related
     - Product flow in the system
     - Information flow in the system

2. **Identify Revelant 1996 Strategic Plan Issues**

   - RDC system
   - RDC procedures

3. **Identify Financial and Business Risks**

   - RDC system
   - RDC procedures

Elements of 1996 IMAP with Whirlpool Polska - Team Two

I. The After-The-Sale Customer Service Process

A. Whirlpool Europe Standard Process: what are the elements of the Whirlpool winning way?; what are the series of charts, policies, and procedures?; what are the key measures?: time to first response, accuracy of repair attempt, time to complete, incidence of repair need/breakage?

B. Benchmark information in Comerio? Contacts?

C. Benchmark ofkey Whirlpool Western Europe locations? Which country (ies) to contact? Who to speak with?

D. Benchmark Czech, Slovakia, and Hungary for their 1996 procedures, best practices, procedures, and success factors

E. Discussion with Whirlpool expert in Spain

F. Whirlpool Poland today: strengths and weaknesses of the current service process; repair locations, speed and accuracy of response, parts availability, responsibilities in existing organization; perceived needs of key Polish managers

G. Benchmarking Ardo, Polar, Bosch, Electrolux, and Daewoo, among others; to be accomplished via interviews with trade partners who have multiple white goods supply relationships; what are the needs assessments and relative weightings of all of the key service descriptors across the top Polish trade partners (attempt to include successful competitor trade partners who are not Whirlpool trade partners to determine their points of view on both after-the-sale service AND overall trade partner support, promotion, training, and brand marketing); these trade partner interviews should|be far reaching, meeting the needs for the model update, the customer service needs/assessment, and the competitive benchmarking

H. Consumer Points of View in 1996; relative ranking of purchase decision criteria (price, specific features, brand reflation, size and electrical specs, environment friendly, availability of retail locations, availability of choices for immediate demonstration and delivery, home delivery and hook-up vs. cash and carry, warranty terms, availability of after the sale service, among other possible choices); where does after-the-sale service rank and why; is it increasingly important? what are their descriptors to define customer service and satisfaction? How do these compare with the descriptors used by the key trade partners in discussions with them?

On both G. and H. above, questionnaires need to created, or adapted from earlier questionnaires, in collaboration with Whirlpool Poland sales and marketing management to combine all points of view on the goals and needs of the data collection exercise

I. The Recommended Service Plan for Poland

a. what is the operational plan for 1996 and beyond? locations? parts flow, levels, overall investment needs? staffing? time line for implementation and growth? measurement systems? response time and accuracy goals? overall financial and budgeting realities? Support needed from Area IV and Comerio groups?

b. tie-in, if any, with the RDC Network locations, management, and trucking/delivery processes for parts stocking and expediting

c. what to do with returned units, bump and dent units, trade-ins if any; scratch and dent warehouse sale? Euronet "outlet" sale?

d. promotion options to use after-the-sale service processes and satisfaction as a key Whirlpool differentiating feature; how to position and deploy as a competitive advantage?

e. how to adapt standard warranty card service record keeping into pro-active consumer surveying and input to NSO consumer database? what promotions can be mounted if considerable insight is gained from consumers on their plans for next purchases and relative interests in product types/categories and features?

II. Update of Stages of Development Model; Key Data Needs

A. Top 10 brands in Poland; brand names in each type of product; current pricing analysis and promotional successes/best practices; ranked order and market share estimates? growing, stable, or fading status of each brand?

B. Top 20 Trade Partners for Whirlpool, as well as naming and attempting to visit/interview the Top 10 non-Whirlpool trade partners of the main competitors; qualitative and quantitative measures that define the top trade partners? what are the overriding success factors and traits that set them apart at the top of the industry?

C. Consumers attitudes and traits? what makes them tick, select one brand over another? what makes up their purchase desires in 1996? is there a common purchasing theme for certain items in 1996 ... the year of the microwave?

D Product needs according to the profit plan, the sales plan, and the ever-growing real sell through? where are Comerio and factory alerts to be issued? wha assistance can be offered by Area IV management to achieve even greater results in the next nine months? what are the possible problem areas? what are the wish list of new products and features to meet the competitive needs of the Polish market? what does the competition have that Whirlpool lacks?

E. Logistics Issues? what can be done in 1996 to better the chances of success? how to increase forecasting accuracy at the trade partner, NSO, and factory levels? lost business analysis due to missed deliveries, inaccurate forecasting and missed factory promises? changes needed?

F. Finance Issues? trade partner financing options in Poland? display units floor planning, and consumer support? best practices in Western Europe? consumer financing options through local banks and/or Whirlpool financial with and without recourse? NSO organizational financial structure - days of inventory, days of accounts receiveable; how to be Polish specific and flexible? how financed and at what rate? how to stimulate growth? ideas for innovative financing at NSO, trade partner, and consumer levels of the industry? wish list of needs?

G. Marketing Issues? Whirlpool and Ignis positioning needs, realities? across the key retail and kitchen trade/built-in channels? wish list of promotions and mix of promotions/flexibility/support/advertising/public relations - above and below the line? what are the unique Polish in-country issues that differentiate this NSO from Western Europe Whirlpool countries? how to customize and personalize the techniques to meet the unique needs? overall ideas for marketing actions? overall wish list for Area IV and Comerio support?

i Sales and Trade Partner Issues? sharing of best practices across Visegrad and Western Europe countries as to discounting policies, promotions, and sales support programs and tactics. Incentives for volume and mix of products for each trade partner. Internal and external NSO procedures that increase chances of success in 1996? wish list of NSO support needs?

To: Paul Velasco
From: Whirlpool IMAP Team
Date: March 22 1996
Subject: Weekly report

The team was divided into three teams, each for a specific area and with a specific schedule:

Team #1 - Heidi Lamberts and Jerry Hartanto
Trade partner analysis

*Expand the free standing trade partner and shop assistant questional and analyses
- -Identify top 20 trade partners and top 10 non trade partner
- -Potential future market size
- -Compare data with previous year and GFK
- -Identify and explain differences

*Develop the built-in trade partner and shop assistant questionnaires and analyses
- -Write up appropiate questionnaires
- -Obtain feedback from sales manager
- -Potential future market size
- -Compare data with previous year and GFK
- -Identify and explain differences

Team #2 - Erick McLoskey and Fernando Gracia
Customer service

*IT system description and screens, fields, reports, ease of use
*Process flow: IT
- -Parts, inventory levels, repair orders, order completion

*Benchmarking: Camerio, Visegrad, Spain
*Recomendations (returns and repairs)
*Evaluate price and conditions for a new 10 year service contract

Team#3 - Jose Delgado and Ming Ligh
Strategy model

*Current environment
*Competitor analysis
*Comparative analysis
*Warranty card

Team#4 - Jose Delgado and Jerry Hartanto
Distribution Channel

*Revise current distribution and forecasting systems
*Distribution/Forecasting analysis
*Make recomendations

INDIVIDUAL ASSIGNMENTS

Eric McCloskey - Keep track of the team's milestone
Fernando Gracia - Keep contact with The Business School
Ming Ligh - Facilitator
Heide Lamberts - Company contacts

Jose Delgado - Social Coordinator
Jeny Hartanto - Information and notes keeper

WORK PROGRESS:
Team#l:

-Updated the trade partner and shop assistant questionnaire
-Interviewed with national sales manager for retail
-Scheduled interview with sales manager of kitchen trade

Team#2:

-Interviewed with service manager
- Mapped the spare parts inventory flow process
-Made an organizational flowchart with functions.

Team#3

-Made a schedule plan
-Interviewed with marketing director

Team#4

-Finnished the plan

NEXT WEEKS OBJECTIVES
Team#l

-Interview the built-in kitchen trade person
-Develop the appropiate questionnaires and obtain feedback
-Identify trade partners and schedule interview
-Finnish questionnaire and schedule interview with the retail trade and conduct interviews

Team#2

-Interview the service manager to reshape the service and spare parts manp
-Interview the service manager to start doing the IT map
-Modify and suggest the actual service and spare parts map.

Team#3

-Develop questions for trade partners egarding IGNIS launch
-Obtain list of IGNIS trade partners
-Assist team #1 with partner interviews
-Schedule telephone interviews with marketing managers of other cuntries
-List main IGNIS competitors

Team#4

-Construct draft of product and information flow diagrams
-Interview logistic manager
-Interview RDCs for feedeback and measurement.

REQUESTS

We need the power adaptor and paper feeder of the HP Deskjet 320 printer

CONTACTS:
Hotel Gromada Tel. 48-22-46-52-26
Rooms:
Eric McCloskey 429
Fernando Gracia 432

Heidi Lamberts	328
Ming Ligh	430
Jose Delgado	431
Jerry Hartanto	218

Whirlpool Polska Tel - 668-10-51

I. Trade Partner Analysis

- Retail Trade
- Kitchen Trade

    Last year's questionnaire

    — Growth of questions—kitchen trade

    —customer satisfaction

    —after-the-sale service

- How many in sample?
- Geographic dispersion? Segments?

Opportunity for additional data collection.

--competitive analysis: SKU's, prices, promotions, market share, support, quantitative issues

--Whirlpool bramstorming: needs, recommendations, improvements

—Whirlpool/Ignis brand issues

—Consumerism

II. Strategy Model

- Socio-economic changes
- Competition
- Consumer
- Trade Partner
- Whirlpool Ignis issues
- Trade partner management
- Order to delivery

Deadline of 4/9/96

III. Customer Service

- IT system description and screens, fields, reports, ease of use
- Process flow: IT

  Parts, inventory levels, repair order, order completion

- Benchmarking: Camerio, Spanish guy, competition, process flow for the Whirlpool way
- Interviewing: Camerio, Visegrad, Spanish guy
- Recommendations
  - Returns, repairs
- 10-year service contract -how to price this

Back Orders / Forecasting

Workplan

1. Assessment
   a) Held interviews
      i) Sales Director - Region 1
      ii) Marcin Rartosz (Assistant Logistics and Planning)
      iii) M. Mackowska (Customer Service Coordinator)
      iv) Sales desk lady
      v) National Sales Manager
      vi) Logistics Manager at Comerio
      vii) Others:
   b) Gather information (weekly: June - Dec 1995)
      i) Pack orders management actual process model
      ii) Sales data
      iii) Inventory records
      iv) Sales forecasts
      v) Order placement records
      vi) Back orders records
   c) Define measurements
      i) Back orders (units, % of sales)
      ii) Total days of back order
      iii) Lost sales due to b/o's
      iv) Others:
2. Analysis
   a) Process analysis of back orders management
   b) Root Cause Analysis
      i) Analyze b/o's data for Jun - Dec 1995 period
      ii) Assign root causes to each b/o
   c) Forecast vs. actual variance
   d) Demand variance analysis
      i) Weekly variance
      ii) As percentage of predicted sales

<u>Deliverables</u>

1. Analysis results
2. Recommendations:
   a) To improve internal forecasting process
   b) To improve trade partners forecasting process
      i) Incentives
   c) To reduce back orders
3. Forecasting model for trade partners
4. New model to manage back orders

Schedule Diagram – Page Layout

1	6
2	7
3	8
4	9
5	10

Goals/Action Items	Mar 20	Mar 21	Mar 22	Mar 23	Mar 24	[illegible]	Mar 26	Mar 27	Mar 28	Mar 29	Mar 30	Mar 31	Apr 01	Apr 0.	Apr 03	Apr 04	Apr 05	Apr 06	Apr 07	Apr 08	Apr 09	Apr 10
1. Process map for service system																						
1.1 Interview service manager and other service personnel																						
1.2 Map the service process																						
1.3 Develop recommendations for system improvements																						
1.4 Review, modify and make suggestions																						
2. Process map for Information Technology systems for service operation																						
2.1 Interview service manager and other service personnel																						
2.2 Map the IT process																						
2.3 Develop recommendations for system improvements																						
2.4 Review, modify and make suggestions																						
3. Written Analysis of service system																						
3.1 Draft write up of service system process																						
3.2 Draft write up of service IT system																						
3.2 Edit and finalize draft write up																						
3.3 Write an evaluation of Assioma vs. current Access system used in Warsaw																						
4. Assess Service Contract																						
4.1 Gather data from other Whirlpool locations that use service contracts																						
4.2 Conduct customer analysis of interest in a service contract																						
4.3 Determine internal costs to Whirlpool-Polska																						
4.4 Evaluate possible pricing options																						

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72 Write-up appropriate questionnaires

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8. Ol«»rl bullJriaruj forecasflno analysis

a 1 Analyze pjoduct info flows and measurements

9 2 Analyze lost business due lo fanscaslin^istriiHitfon issues

9.3 Complete analysis of financial and business risks

9.4 Complete needs analysis

10. Recommendations

10.1 Complete write-up of recommendations

11 Current cnvitonment

11.1 Meet'A*b Whirlpool Polste marketing arector

fl I 2 Develop questions to add -o ftraae partner questionnaires lo pndersiand ignis launch

J11 3 Obtain list ;f gnis tnafc jpartners

11.4 Obtain ignis product list

11.5 Obtain Ignis product launch plans

11.5 Visit stores lo see ignis placement

11.7 Assist Hewj/Jerry wrth Trads Partner .niaiview<i

11.8 interview Dino Olivetti to discuss ignis strategy for Europe

11.9 Identify needs/problems/issues

11.10 Identify success factors

11.11 Draft of Ignis assessment

12. Competitor Analysis

12.1 List of main Ignis competitors

12.2 Ignis competitors statistics

12.3 Analyze questionnaire resutts

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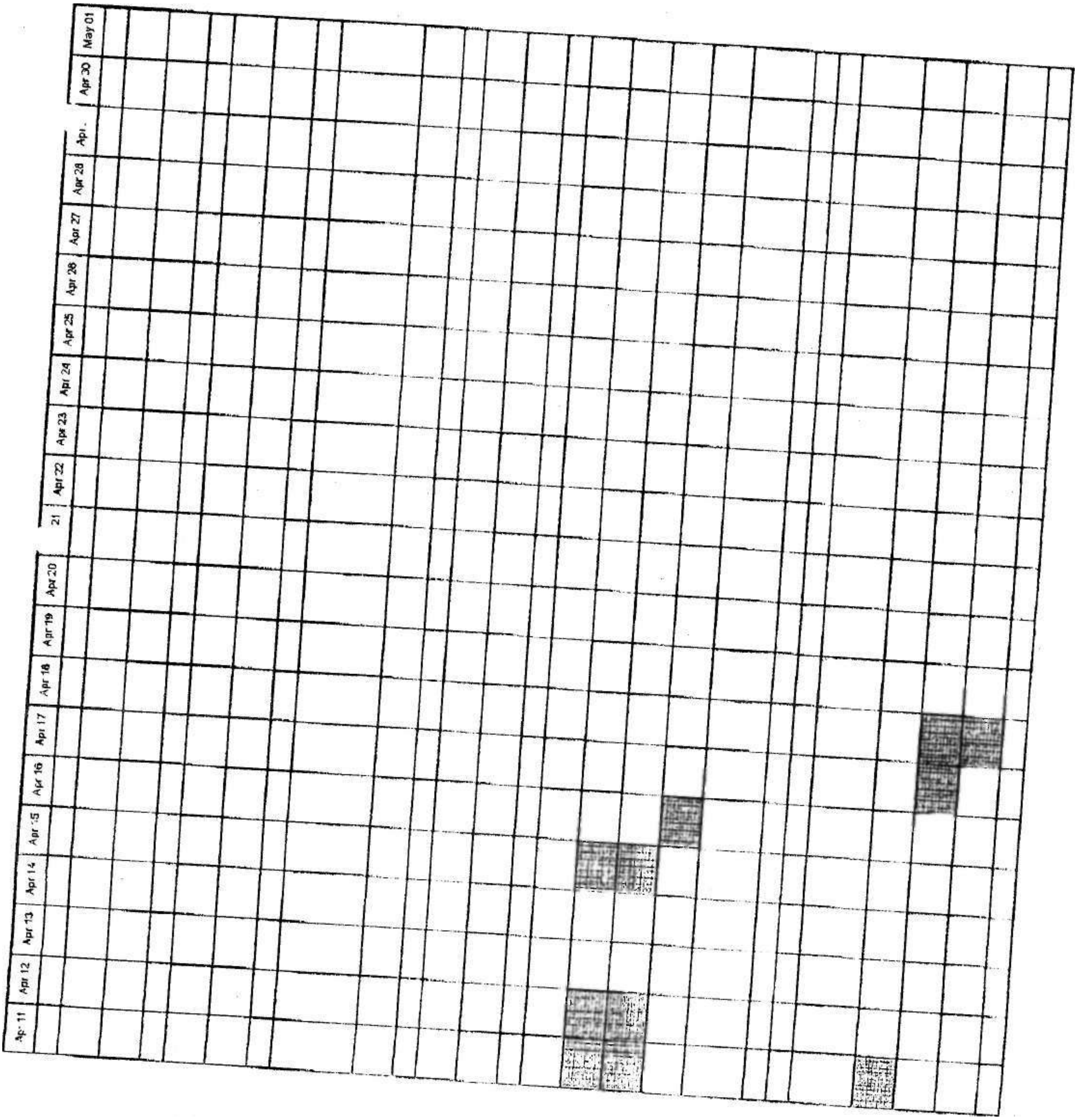
12.4 Compare and benchmark lons against competitors
12.5 Try to obtain competitors' dancing/credit information and procedures
12.6 Draft of documentation tor this section
t?- Comparative Analysis
13.1 Obtain Ignis documents from the other counlries (Hungary. Slovakia, Czech)
13.2 Obtain Ignis sales; from other countries
m Schedule teiephone interviews with marketfng managers in oo,ej- crantries
13.4 Complete interviews with marketing managers in other countries
13.5 Cerineccuntr/ uniqueness of PoJand
13 3 Compare ignis strategy .*,((, other counines
13.7 Draft of documentation for 'his (section
14. Warranty Card
14.1 Assist with the development of additional questions to obtain consumer information, customer satisfaction, and service levels
14.2 Develop additional questions to gather consumer information
14.3 Finalize additional questions for warranty card
15. Recommendations
15.1 Update Ignis marketing plans
15.2 Identify best practices from the four countries for the Ignis brand
15.3 Draft of recommendations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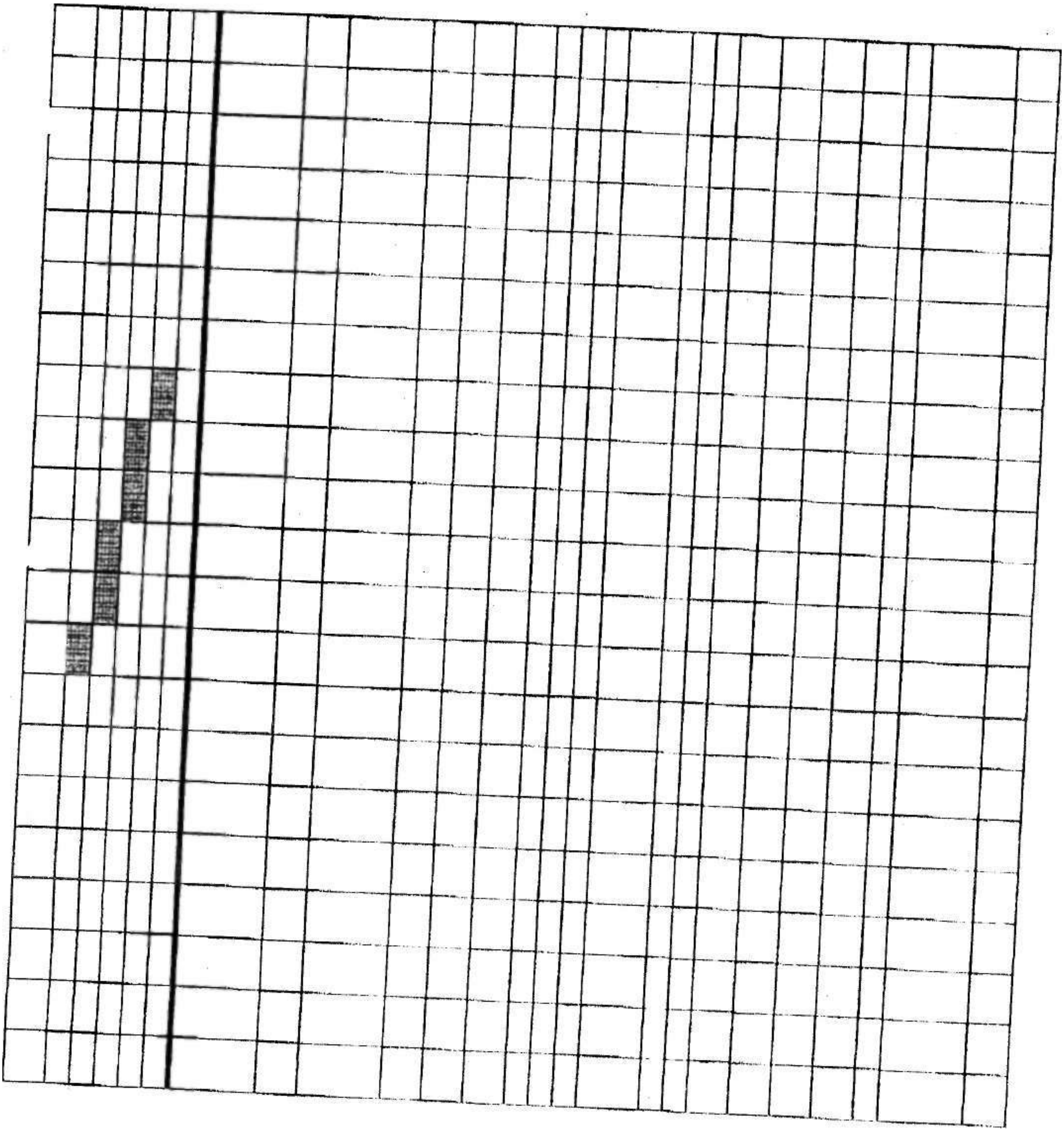

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