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## IPM

In November 2006, Erik Andersson was putting the final touches to a business plan he was to present to the head of the business area later in the day. For about six months, Andersson had been working on the proposal for a new type of printing equipment, which could deliver adequate print quality at greatly reduced costs to the customer. He found the prospects of adding this new technology to the company's existing product portfolio exhilarating, and wanted the proposal to be as perfect as possible for the impending meeting.

### Project Background

Andersson had joined the sales department at International Printing Machines (IPM) not more than a year ago. At that time, the company was going through somewhat of a revival with a substantial amount of top management attention to issues such as lean production and new business development.

In his meetings with customers, Andersson had found out that there was growing demand for a simpler and more affordable type of printing equipment that could produce reasonable quality for standard types of printed materials. Traditionally, IPM had become known as a producer of top-of-the-line printing equipment, a segment in which the company's market share was close to 40 per cent. Nevertheless, there were indications that sales in the traditional segment had stagnated and that growth was instead to be found in the type of simpler machines Andersson was considering.

His calculations convincingly showed that with the expected growth in the segment for simpler and more reasonably priced equipment there was substantial profit potential. As Andersson kept working on the project, he also became increasingly confident about the overall benefits to IPM's operations. Having told the head of the business area about the new project and the evolving business plan over a coffee break, they decided to set up a meeting to go through the details of the prospective new business. It was that meeting that was going to be held in a few hours' time.

### Assignment Question

What happened next (choose one of the options below)?

- (a) At the meeting, the head of the business area showed great interest in the business plan and promised Andersson that he would personally see to that it come to senior management's attention. To strengthen the case, Andersson was asked to supply any complementary documentation that could be used to persuade senior management about the project's commercial value.
- (b) During the meeting, Andersson and the head of the business area went through and discussed the business plan. Andersson was encouraged to keep working on the project and to produce an even more elaborate plan that could then be presented to senior management.

(c) Following discussions of the business plan and its contents, the decision was taken to stage a follow-up meeting with representatives from the manufacturing and sales departments, to further assess the technical and commercial viability of the new project.

(d) Having gone through the business plan and listened to Andersson's presentation of the new project, the head of the business area suggested they would keep a close eye on how the market for simpler and less expensive equipment developed. In case there would be signals about growing demand in that segment, the new project and business plan could then be reactivated.

(e) The head of the business area suggested this was not the type of printing equipment IPM was engaged in. Andersson would need to come back with ideas and solutions that could strengthen IPM's position in the current customer segment.

(f) None of the above.