

## BrnoComp Inc.

BrnoComp has been manufacturing Specialized Computing equipment for over 20 years and it is headquartered in UK.

The company is active in two main markets:

- UK – which is a mature and stable market, where the company is well established.
- Russia - emerging market with a lot of growth potential, but the company had limited success in breaking through and becoming one of the top players in the market.

BrnoComp currently produces about 80% of its production in own plant in UK, the rest of the production – about 20%, if coming from an ODM (Original Design Manufacturer) in China. The units produced in China are on average 3% cheaper (after counting in increased cost of logistics to ship products from China to UK & Russia).

BrnoComp would like to move more production to China, but due to some quality issues arising, the transition of more production into the ODM has been slow.

The market is currently experiencing stagnation / slow decline and the competition is starting to price aggressively which negatively affects the company's margin.

UK is practically a non-growing market and there is a lot of margin pressure on the market.

Russia as a market is underpenetrated and provides an opportunity to BrnoComp, but the results so far have been relatively mixed and to break-through the company will need to invest in the market heavily.

BrnoComp is also getting ready to launch a new generation of products.

The new generation brings enhanced capabilities and new features - energy efficiency (the equipment consumes 15%-20% less electricity) and multi-platform support (can operate and communicate with any equipment or operating system).

The manufacturing team is finalizing the design, so it would be ready for production in the next few weeks, but there are still some questions around component reliability and final cost to manufacture.

Your marketing team is suggesting that there is promising demand in the market, if the sales department will be able to fully explain the advantages of the new generation to the customers.

Sales is looking forward to the new generation of products as it will bring a competitive advantage, but is afraid that if it will be priced higher than the current generation and the customers will only adopt the new product very reluctantly.

As the margin erosion has already hit the bottom line of the company, the Board of Directors has tasked the CEO of BrnoComp and his leadership team to look at growth opportunities and protect the bottom line.

The CEO has called his leadership team for a strategic planning session where each department will present the trends they see with the aim of coming to an agreement on the plan for the next fiscal quarter.

BrnoComp leadership team consists of:

Chief Executive Officer

Chief Financial Officer

Chief Operations Officer

Chief Marketing Officer

Head of Sales

Head of Manufacturing & Logistics

All departments will be present on the strategic planning meeting represented by the functional leadership team. The strategic planning meeting will take place on the 28<sup>th</sup> of November 2013 on the premises of Masarykova Univerzita in Brno, room P9.