AMARALIA (B)[1]

Gabriel Dolá was thinking about what Amaralia's best strategy should be with the scarce information he had on the company. Notwithstanding, he thought he had retrieved enough data to draw up a tentative list of goals or objectives and sketch a strategic map.

As agreed, he met with Manuel Cortez, Amaralia's Managing Director, and told him his ideas, which Manuel liked very much. Manuel realized that a strategic map could provide him with a clearer picture of the main projects and objectives they were trying to define and consolidate for the future of the company.

For that reason, they decided to arrange a shareholders' meeting in Manuel's country house in Puigcerdá[2], aimed at discussing Amaralia's strategy for the next two or three years. The meeting was to be attended by Rafael Cortez (the founder and Manuel's father), Miguel Cortez (Sales Manager), Jordi Cortez (Cafeterias Manager), Manuel himself and Gabriel Dolá as the person chairing the session.

Since Manuel thought that there might be a high degree of consensus regarding the objectives, he thought it was better not to present the working draft Gabriel had prepared before the actual meeting. *"It's better to start from scratch"*, he said.

[1] Case study prepared by the Research Division of IESE and Instituto Internacional San Telmo, Spain. Prepared by Professor Alberto Fernández Terricabras of IESE Business School and Professor Raúl Ibáñez Trianteno of Instituto Internacional San Telmo, for use in the classroom and not as an example of the correct or incorrect management of a specific situation.

[2] Small city near Gerona, in northeastern of Spain.

THE WORK MEETING

So, they met on Saturday 27 January 2007 and after defining the agenda for the meeting and discussing the prospects and problems each of them had observed in the company, they began drawing up a list of specific objectives.

During the discussion, it became clear that Amaralia was not going to commit to its own brand of chocolates since they were not prepared for this from a commercial standpoint, nor did they consider this to be necessary in order for the company to continue growing - for now - in that line of business. However, the shareholders did want to resolve the problem of seasonality in the business by increasing production and sales outside the Easter period. They also felt this was crucial in order to improve the marketing and sales operations. To do so, they decided to hire a new, highly qualified employee to act as Miguel's assistant.

They also decided to commit strongly to the growth of the Italian-style ice cream business, but at the same time try to maintain sales and profits of the traditional ice cream business. In the case of the former, the company had to maintain excellence in design and quality; in the case of the latter, it had to preserve margins and maintain the balance between its own ice cream production and the distribution of the Alacant and Häagen-Dazs brands. For Rafael this was vital, hence the idea was not to look for new alternatives, at least in the short term.

In the case of the cafeteria business, opinions varied but finally Rafael, and particularly Manuel, were able to convince Jordi to focus on improving the company's existing establishments before opening new cafeterias. Service quality was a priority. They decided to focus on improving premises and customer service. They also wanted to improve working conditions and employee motivation.

After adding, modifying or eliminating some objectives, they agreed on a reasonable number and put them down in the form of a strategic map (see Exhibit 1). Gabriel proposed labelling all the objectives based on three variables:

- <u>Perspectives</u>: Finance, (F); Customers, (C); Internal, (I); Personnel and Organisation, (P).
- <u>Objective number</u>.
- <u>Business</u>: Ice cream and Chocolates, H; Cafeterias, R; Administration, A.

Manuel and Gabriel were aware of the need to define certain measures (indicators) to monitor the key elements of the strategy and for this reason they asked all the participants to think about possible measures for each objective they had defined. The following Monday, Gabriel sent a template to all the attendees to help them think about these measures (see Exhibit 2).

Gabriel had the feeling that they were rushing things and would perhaps have to define the objectives a little more carefully before moving onto the measures. Nevertheless, he felt that since the shareholders were experts in the business, they would have a clear understanding of the meaning of each objective and could draft an initial list of measures.

Manuel decided to bring in the Finance Manager and an external consultant, a good friend of the family and a person of trust, to help them select the measures. They felt that the Finance Manager could be especially helpful in analysing and identifying the measures for controlling expenses and improving productivity. They had many financial measures and could easily obtain more. However, Manuel wanted to be selective in order to avoid an overload of numbers.

The shareholders decided to convene the work team again at the end of February to present and discuss progress. Gabriel Dolá left to reflect on the process they were monitoring, on the reasonableness of the goals and objectives considered and also on which and how many measures would be most appropriate.□