

Astro Brewing Co.

Let's hop in our time machines and transport back to January 22, 1999. Our client, Miles Armstrong, has contacted Simon looking for student analysts to help with a potential new venture. A Simon graduate himself, Miles hopes he can get the insights of some bright minds as well as provide an opportunity for students to learn. Your professor has graciously volunteered the class to help him! This case briefing includes a personal note from Miles; briefings on the parties involved; and specific information on the case mechanics, timing, and grading.

The Client | Miles Armstrong

Thank you for agreeing to help me with the licensing analysis. I realized the problem is bigger than I can address in the middle of my current endeavors. I need you to give direction to Lawson & Associates regarding which research to complete to aid in determining the market potential and value of an Astro Brewing Co. beer distributorship (or "wholesaler") for Southwestern Oregon. Once you order, they will provide the reports by February 20. With data from this research, I am hoping you will be able to advise me on whether to launch and the profitability of such an operation before the March 5 application deadline. This is obviously a very critical decision for me!

Just so you know where I am coming from--I completed my MBA at Simon six years ago and moved out west to Portland, Oregon to start a sportswear company. With a little bit of luck and a lot of hard work, we have successfully sold our firm to another, much larger, company that also happens to be based locally. In any event, I am fortunate to find myself in a position to consider small business opportunities such as the Astro distributorship. Long ago, I decided the best opportunities and rewards are in smaller, self-owned businesses.

Now, I am looking to diversify my interests in the next stage of my career, and I'm hoping you can help me to figure out if this is the right opportunity.

The sale of my last business will yield approximately \$600,000. However, I will likely not have access to liquidity until July; about the time it will actually be needed to start the new venture. In the meantime, I have access to about \$15,000 for feasibility research. While there certainly are other ways to spend the money, the opportunity to acquire the distributorship cannot be overlooked.

Normally I'd do this kind of analysis myself, but with the upcoming sale, I unfortunately do not have enough time to devote to this. Besides, you came highly recommended and I trust that you can help me separate my excitement from the decision to get an un-biased analysis of the opportunity. So, I'm enlisting your help.

Your team will work directly with Lawson & Associates to order the market research and use this to recommend a course of action for me. Your team will be “paid” based on the following dimensions:

1. Amount under-budget (i.e. the more you save me, the better)
2. Quality of analysis and decision process

I understand this is a very quick timeline for ordering the reports and for the analysis, but I have no doubt your team is up to the task! I look forward to seeing your thoughts!

Cheers,

Miles Armstrong

The Opportunity | Astro Brewing Co.

Astro had entered the U.S. beer market with distribution originally limited to New Mexico, Texas, California, and Arizona. The beer was still produced in Mexico and retained its original and distinctive taste and packaging. These features plus an appealing image had generated a wide and enthusiastic following among some Hispanic market segments and college students. This success had prompted the company to expand their distribution as rapidly as possible into the states adjoining the original markets.

Astro's consumers were characterized as almost fanatically brand loyal despite the beer's premium price. As an example, ticket counter employees at the Los Angeles airport regularly reported seeing out-of-state passengers carrying one or more cases of Astro on board for home consumption in non-Astro states. Local acceptance is expected to be no less enthusiastic.

Because of this high consumer acceptance, the Astro Brewing Company spent less on advertising than did competitors. Consumer demand seemed to pull the product through the distribution channel.

The Third Party | Lawson and Associates

Because of the press of studies, Miles contacted Lawson & Associates in January for assistance. After meeting with Miles, Lawson developed and delivered a formal research proposal.

All of the research would certainly be useful. He was sure he needed estimates of sales and costs in a form allowing managerial analysis, but what data and in what form? Knowledge of competing operations' experience, retailer support, and consumer acceptance also seemed crucial for feasibility analysis. What if consumers were excited about Astro but retailers were indifferent, or the other way around? Finally, several of the studies would provide information

also useful in later months of operation in the areas of promotion and pricing, for example. The problem now appeared more difficult than before.

The Assignment | Details

Miles has asked you to help him with this report. Due to his busy schedule and tight timeline, he would like you to work directly with Lawson.

Lawson will reach out to you and provide information on their report as well as Miles' due diligence he referenced. Also included will be instructions on how to order your reports and where to send any inquiries.

You should read over the case as an individual. Then get together with your group to decide which reports to purchase. You will decide and submit your order as a team using a link from Lawson.

The case is really a "backward market research" case about problem definition and information needs. You want to buy the "right" reports that allow you to make the right decision, but also you want to avoid spending money on reports that are "nice to know" rather than "need to know." Just because you have a research budget of \$15K doesn't mean you have to spend it all.

After you have purchased research reports, use the results from the reports to make a recommendation about the course of action Mr. Armstrong should take. Be prepared to defend your decision. Each group should submit a 3-slide solution along with a 5-minute recorded video of the presentation that the team members present (all members should participate). Be certain that we can see the active presenter (other team members are also okay).

The Assignment | Important Constraints

It is NOT okay to search online to get key numbers rather than paying for a report to get that number. It is also not enough to say: "he could get that information himself" or "we could get that online." The case clearly indicates he has no time to do the research himself, and you should view this as an absolute constraint. The objective of this case is to have you think through carefully what information is needed. The learning would be compromised if you could recover easily from a failure to purchase a key report by finding the missing number on the Internet or assuming he can get it himself.

The Timeline | Case Dates vs. Real Dates

Item	Case Date	Real Date
Miles meets with Lawson	January 8, 1999	Prior
Lawson Proposal Received	January 15, 1999	Prior
Lawson Email to You	January 22, 1999	Tue, 10/26, 12PM
Report orders due	January 29, 1999	Thu, 10/29 4PM
Ordered reports to You	February 20, 1999	Thu, 10/29 8PM
Recommendation Slides due	February 27, 1999	Mon, 11/2, 8AM
Recorded presentation for Miles along with slides uploaded to Blackboard		

The Presentation | Deliverables & Grading

Your presentation slides should include:

- 1) A title slide (team members and section, and number, title of assignment, date, etc.)
- 2) Approximately three slides that contain the **analysis** and **recommendation**. For example, either three detail slides or two detail slides and one highlights slide.
- 3) An appendix can be included. If included, this appendix should present detail about the analysis presented in the slides that can clarify things for grading. An excel document can be included as a submission as well. Any appendix that is to be graded needs to be referenced clearly in the slides so that it is easy to identify how the appendix relates to the presented analysis.

You will be graded on the following dimensions based on the slides in 1–2 above:

- 1) Framing:
 - a. How effect is your analytics design in ordering the reports? (2 pts)?
 - b. How effective is your analytics design given the reports your received (2 pts)?
- 2) Analysis:
 - a. Does the analysis appear to be correctly done (1 pt)?
 - b. Made reasonable assumptions and use sensitivity analysis where needed (1 pt)?
- 3) Communication:
 - a. Is content prioritized appropriately to tell the story? (1 pt)
 - b. Are insights and recommendations linked to the supporting information? (1 pt)
 - c. Are insights/recommendations easy to find? (.25 pt)
 - d. Is the wording sufficiently concise (.25 pt)?
 - e. Are the tables/figures easily read and understood? (.25 pt)
 - f. Are the sources and inputs to figures clear and correct? (.25 pt)

Note that in the grading of the presentation, we will not focus on the presentation style (hand gestures, voice modulation, eye contact, etc.), but that these elements can affect the understanding of the presentation.