

TOUGH TRAILERS SCENARIO

COMPANY OVERVIEW

Tough Trailers (formerly Tough Steel) was founded in 2000 as an architectural metal fabricator specialising in specialty aluminium and stainless-steel fabricating.

Tough Trailers diversified into trailer manufacturing in the spring of 2007. Initially, they manufactured small box utility trailers as an opportunity to use available manufacturing capacity during slow business cycles in the architectural metal business. By 2010, the trailer division had grown so much that Tough Trailers made the decision to become a full-time trailer manufacturer.

Tough Trailers produces standard box trailers and is now diversifying into customised trailers to the customer's specification. It prides itself in the quality of its work and materials as well as in its unique customisation features.

They have sales offices in Sydney, Melbourne and Brisbane. Each office has a show area for the display of standard box trailers. The manufacturing takes place in Newcastle (NSW). Trailers can be shipped using contract hauliers from the factory direct to the customer's site or are available for pickup directly by the customer from the factory or sales offices. The head office is also in Newcastle on the same site as the factory.

Since Tough Trailers started, it has grown steadily. In the last two years, sales have taken off and increased by 40% each year. It now has a turnover of \$10M and around 1500 customers.

Tough Trailers has a very healthy level of retained profits and is eager to expand into new areas

CUSTOMERS

Tough Trailers customers range from the home handyman to horse owners, trade persons, serious off-roaders and a variety of motor sports people (bike, boat and karts etc.).

Customers' orders range from the standard small box trailer for \$1,000 to utility trailers and customised trailers. Utility trailers include off-road trailers, car or bike carriers, and horse floats. These can range in price from \$1,300 to over \$10,000 for the deluxe horse float.

Customised trailers have become more popular recently, particularly with trades persons and motor sports people. Prices can range from \$3,000 up to \$9,500 depending on the customisation required.

PROBLEMS

The company internal systems and computer systems have worked well in the past, but with the increase in sales, Tough Trailers has realised that they may not be able to cope with continued expansion, especially into some of the new areas that they hope to exploit.

In particular, the following problems have been experienced:

- Customers want to be able to see more examples of the types of customised trailers that can be produced. The sales catalogues are very basic, and the sales offices can only hold a limited number of demonstration items. With the benefit of hind-sight it would have been a good idea to photograph each customised trailer for inclusion in a more comprehensive brochure.
- The Designer/Estimator liaises with Manufacturing to obtain quotes for the customised trailers and is having trouble getting this information within a reasonable time period. While they're finding it valuable to be able to provide their clients with an unlimited design scope, the time taken to get a quote from Manufacturing is losing them business.

FUTURE STRATEGIES

Some of the major changes in direction that arose from the strategic plan include the following:

- A determined push into the customised trailer market to provide solutions for people who want some individualisation of their trailers. This will be achieved to some extent by producing a range of modular components that can be manufactured in higher volumes rather than individually customised.
- To expand their sales outlets through the opening of dealerships. The possibility of franchising sales outlets has also been considered and this is likely to be pursued later.
- To create a website that's likely to be initially used to provide information about standard and customised trailers, and eventually to sell directly to customers through online ordering. The website should integrate with their current systems for payments.

Jenny Smith, the Office Manager, has an excellent grasp of computer applications and has been instrumental in setting up a website for her netball association using WordPress. Jenny Smith is particularly eager to get a company website up and running, with an online catalogue, ordering and payment facilities. She envisages performing routine updates of the content, either by herself or with assistance from IT. She's looking forward to the challenge.

At this stage, Tough Trailers have decided that developing the website is beyond their experience and expertise and that Red Opal Innovations will provide this service. However, they're keen to ensure the website is dynamic and fresh and expect to develop new content and be able to upload it to the website. They have a budget of \$30,000 for the website, which can be completed in two stages.

As a newly appointed Project Manager with Red Opal Innovations you have been asked to work with Tough Trailers to look at their strategic plan, the problems, ICT inadequacies and viable solutions.

TOUGH TRAILERS ORGANISATION CHART

