

## 8 <u>CASE STUDY</u> (Compulsory)

Hot and Cool Company is located in an agricultural belt about 300 kms from a Metro City. The Company is into writing and printing paper. Its primary raw material is wheat straw. Last year the Company had a turnover of Rs 134 crore on a volume of 45000 tonnes of paper. While preparing business plan for the current year, the top management was concerned with the following distribution issue that they want to resolve. The Paper Industry is dominated by selling agents who bring the manufacturer like Hot and Cool and the buyer like Printing Companies and Notebook makers together. They make a commission of about 2% on all transactions. Some other points are as follows :

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(10 Marks)

- i) Hot and Cool depends on about 110 agents to canvas business for it from the users.
- ii) The Company sells about 23% of its paper directly to some Government Organization.
- iii) The agent arranges for the buyer to pay the Company for the products by advance demand draft. It is expected that the agent provides the credit support to the buyer.
- iv) Agents are not exclusive for Hot and Cool and work for other Paper Mills also and normally play the mills against each other. They have a grip on the business and are reluctant to put the mill directly in touch with the buyer.
- v) There is always an uncertainty on the orders and the price, which would be obtained on the orders, the Company cannot plan its profits properly nor often the best service to the end user so that they always ask for the Hot and Cool.

## **Questions** :

- a. How can you help Hot and Cool to become less dependent on the selling agents and plan its sales and profitability better? (10 Marks)
- b. Design Sales and Distribution strategy for Hot and Cool.