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COLECO INDUSTRIES, INC.

Introduction

Coleco Industries, Inc. used to be a leading toy-making company which became famous for its creativity in production and/or market positioning. This case solution provides an opportunity to examine the problems that Coleco had faced, its success with such products as the Cabbage Patch Kids, and ColecoVision, and several strategic mistakes that enticed the firm's downfall.

Rise to Prominence

Coleco is the abbreviation for Connecticut Leather Company but the company initially manufactured and sold Leather products and later on became manufacturers of toys. The business acquired much more attention when Cabbage Patch Kids was launched in the 1980s as a new line of dolls that enjoyed massive patronage all over the country. These dolls were highly successful and put Coleco on the map for great increases in revenues and dominance in the market.

Challenges and Strategic Misssteps

This situation indicated that the company poorly coped with the conditions set by the market, as well as with the management of a diversified business, which caused financial fluctuations in Coleco's sphere. The company also had large amount of liabilities, and attempts made to change the overall performance by introducing new products failed. To many came the famous downfall in 1988 where Coleco had to declare bankruptcy, thus bringing an end to what had once been the vibrant business empire.

Conclusion

Thus, the Coleco Industries, Inc. can be used as teaching tool for such topics as strategic management, diversification and adaptivity to the market conditions. Although the company received high revenues and profits the same is the example of why it is important for the company to be operationally efficient and understand the market environment as well as not focus on a single product line and neglect others. For more elaborated case solutions, go to thecasesolutions.com.

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