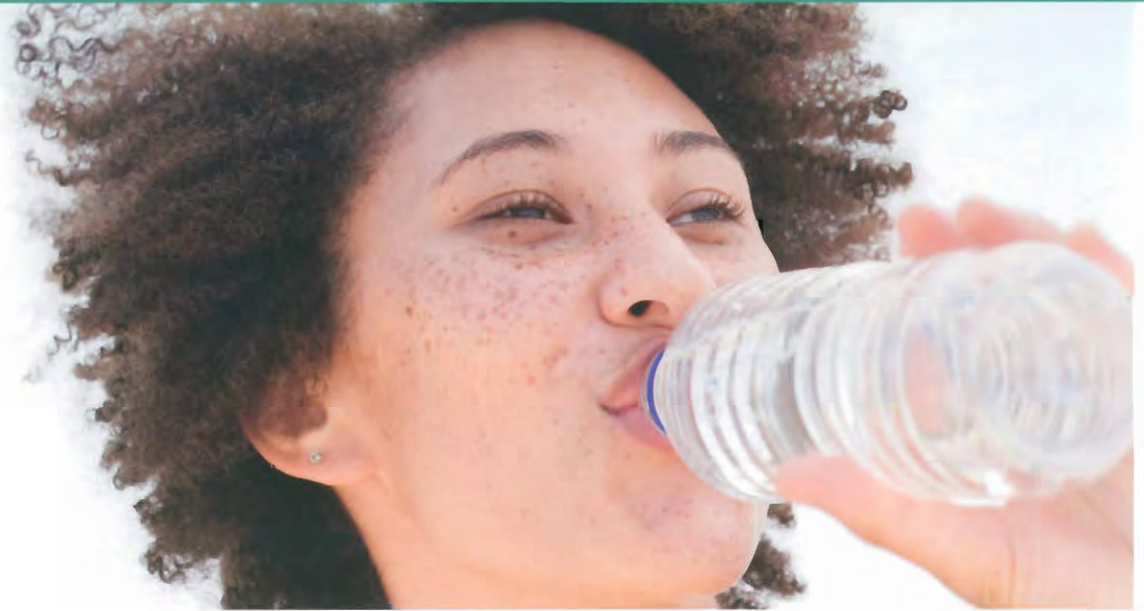



CRISTAL MALVERN



- 1 Discuss these questions in groups. Do you drink bottled mineral water? Why do you think mineral water is so popular now? How do people decide which brand of mineral water to drink?
- 2 Read a report in a newspaper about a local mineral water company. What happened? Why does the fact that the company's product is mineral water make the situation so difficult?

Local Community Rocked by Cristal Malvern Fire

A fire which broke out at Cristal Malvern bottling plant in the early hours of yesterday morning has completely destroyed the factory and offices of the mineral water company. According to company sources, for the moment the cause of the fire is unknown, although a problem with the plant's power supply is suspected. In a meeting this morning the workforce was informed that although the company will eventually rebuild the factory, redundancy notices will be served. Cristal Malvern is an established brand which has become popular due to its original and striking TV ads. The problem facing the company is that the bottling plant is located next to the spring which gives the mineral water its name. Ron White, a union spokesman, says the fire is a tragedy for the local community as Cristal Malvern is one of the area's main employers.

- 3  1.35 Listen to the a television interview with Ron White, the union representative, and Peter Jones, the public relations officer of Cristal Malvern. Answer the questions.
 - a What kind of 'adjustment plan' do you think the company has?
 - b Why is it not possible to move to another location?
 - c What is the attitude of the union?
 - d What does Ron White say about the rumour that the company might have to close?
- 4 You are going to take part in the meeting to decide what to do about this situation. Each take a role: A, B, C or D.

A

The Managing Director

Your family has been connected with the company for over a hundred years, and although there are now other shareholders, you still have control. Apart from nostalgia and emotional reasons for re-building the plant, there are very good business reasons. Mineral water is now an important consumer product, sales have increased a lot over the last few years and your brand is one of the market leaders. In fact, the fire may be a 'blessing in disguise'. The insurance money and other subsidies available will cover most of the cost of modernising and building a modern plant. A new plant with modern processes will require fewer workers so some permanent redundancies will have to be negotiated. You feel a genuine concern and responsibility for the workforce. You have known many of them for years. Probably you can lose some people through early retirement but you hope to keep as many of the employees as possible. Apart from this worry, your major concern is to lose as few customers as possible while the factory is rebuilt.

B

The Union Representative

You have been with the company all your working life. You are worried that Cristal Malvern may disappear – that the company owners will take the insurance money and run! In fact you suspect that the fire might not have been an accident. The plant was very old and a big investment was required to continue production. On the other hand, you are quite sure that the brand has a good future because the mineral water has always sold very well. The other possibility is that the company management will make everybody redundant and then start up again as a new company. Perhaps they will sell the company to one of the big multinationals. Your hope is that you can negotiate a temporary redundancy for staff while the factory is being re-built, and then as many people as possible can return to work with the same salary and conditions as before.

C

The Plant Manager

You are the Managing Director's son/daughter. You recognise that the company could still be a viable business but you would prefer to do something else with the insurance money. You have little interest in reconstructing the business. Apart from anything else, you are bored with life in this quiet rural area. In any case, by the time you are ready to begin bottling again, it will be almost impossible to regain your market position. You can just see one problem after another and you are desperate to do something more interesting and exciting somewhere else. Try to convince your father that the best plan would be to sell up. You could probably get a good offer from one of the big food and drink multinationals.

D

The Marketing Manager

This situation is a real challenge for you. Your mission is to keep the brand alive while the problems of production are sorted out. You know that the idea of transporting the water to other plants is not viable due to the costs. However, your idea is to make a deal with other companies to distribute and sell their own water as Cristal Malvern with a slightly modified label where the origin of the spring water is in small print. You believe that most people will not notice the difference in taste. After all, water is water, and if people drink it from bottles rather than taps, it is really a triumph of marketers. You are optimistic about the future and believe it is a good opportunity for the company to modernise its production in order to meet an increasing demand. If you can survive the coming months, Cristal Malvern can grow, modernise and benefit from this disaster.

5 Read the newspaper article to find out what happened in a similar case in Spain and discuss the questions.

- a Was this company's decision similar to what you decided in 4?
- b Do you think the water really 'travelled' to the other bottling plants?
- c In what ways is the mineral water business such an unusual one?

Insalus Water



In July 2003 the bottling plant of Insalus Water was destroyed by a fire. 18 months later the company has been able to renew its activity in a new installation, built at an estimated cost of 10 million euros. The company was able to continue its commercial activity during the period of reconstruction, but one of its biggest concerns was the situation of its workers. In the end less than 10% of the workforce was made redundant. The majority of the remaining employees agreed to be temporarily laid off, although those workers involved in sales and marketing continued in their posts while the new production facilities were built.

During the period of reconstruction, it was vital for the Insalus brand to maintain a market presence. It was able to do so by reaching agreements with other mineral water bottling companies in both Spain and France. The spring water "travelled" from the Lizartza site to these bottling plants for distribution. Although the situation had a negative influence on sales, with the new factory in operation, sales have quickly recovered and continue to grow. In fact, Insalus took the opportunity to modernise production and built two separate plants, one for glass bottles (suitable for 'sparkling' water), and the other for plastic (PET). The new processes make it possible to produce up to 30,000 bottles per hour.