

Moldovan Coffin Maker to Exit Coffin Manufacturing Business

The Setup

- Our client Moldovan Coffins is a high-end coffin maker in the country of Moldova. Moldova, officially the Republic of Moldova, is a landlocked country in Eastern Europe located between Romania to the west and Ukraine to the north, east, and south. Moldova declared itself an independent handcrafted coffinstate with the same boundaries as the Moldavian Soviet Socialist Republic in 1991 as part of the dissolution of the Soviet Union. The total population of the country amounted to 4 million (2004 Moldovan census).

The Setup

- The owner of Moldovan Coffins business has seen substantial change in his market in recent years and is contemplating the future of his business. Up until now, he has been in the business of building high-quality, handcrafted coffins largely by hand with a skilled labor force. Recently, however, he has become aware of a new technology that would allow him to build machine-made coffins with much less labor. Should he invest in this new technology? And should he even remain in the coffin-making business in the first place? Why or why not?

Question #1

What strategic alternatives should the owner of the coffin business consider?

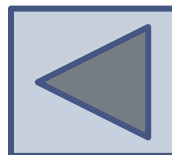
Question #2

How would you figure out the current value of the coffin business?

Note: you can use market sizing technique or you can use data provided [here](#)

Data for Market Analysis

- Population of Moldova: 4 million
- Population Growth: 0%
- Average Life Expectancy: 75 years
- Age Distribution: assume a flat age distribution, i.e. same number of people at every age.
- Burial Customs: 75% of deaths are buried in coffins.



Question #3

Now calculate the value of Moldovan Coffins' business, using the following data

