Case Study: Driessen Aerospace

Driessen is an old established Dutch firm, an equipment supplier to the airline industry, principally galleys and trolleys. It was set up in the 1930s by an associate of the legendary Albert Plesman, the founder of KLM. The 1960s saw a massive increase in transatlantic flights and a corresponding demand for trolleys – the longer they are up there, the more you have to feed them!

In this business, you sell to the airlines. The airline business is a relationship business, and Driessen is well established – you deliver a good product and all will be fine. Driessen’s production costs are down. They are (mostly) manufacturing in Thailand. They have been doing this for a while; it is a mature supply chain!

Their supplier has flexibility and can ‘follow the market’, i.e. ramp up production when the market needs it. Driessen has been strengthened by being acquired by Zodiac Aerospace of France which has a broader product range and wanted Driessen for their dominance in single aisle trolleys (that is, for aircraft that just have one central aisle, like the B737 or the A320 as opposed to the double aisle of larger aircraft like the legendary B747). And then the airframe manufacturers decided they wanted to go to a single source for the bought-out parts, as opposed to say KLM putting in an order for so many planes and nominating Driessen as the supplier of the trolleys. Just take stock of this development as an example of disruptive change.

Imagine you are Driessen or any established supplier in this industry: at a stroke, your relationship capital has been neutralised. Out of the blue Boeing did a deal with a much smaller company to supply trolleys for the B787, the Dreamliner.

**QUESTIONS**

**1.** Compare the likely buying priorities of airframe manufacturers versus airlines.

**2.** Imagine you head up Driessen: what can you do to commend your company to the manufacturers rather than the airlines?

Case Study: Green Fields Agriculture

Green Fields Agriculture was one of the leading farming companies in the Midwest, specializing in growing corn and soybeans. Established in the 1960s, Green Fields had a reputation for reliable crop yields and quality produce. The company's business model relied on traditional farming practices, using established methods and equipment that had served them well for decades.

However, in the early 2010s, a disruptive change hit the agricultural industry. A new technology, precision agriculture, emerged. This technology involved using drones, satellite imagery, and big data analytics to optimize farming operations. Precision agriculture allowed farmers to manage crops with greater accuracy, reducing costs and increasing yields. This disruptive technology quickly gained popularity, and companies that adopted it saw significant benefits.

Green Fields Agriculture initially dismissed this new trend, believing it was a fad. However, as more competitors began using precision agriculture, they saw improved crop yields and reduced operating costs. As a result, Green Fields Agriculture's traditional methods started to seem outdated, and their business suffered. The company's leadership was slow to adapt, leading to a loss of market share and decreased profitability.

Many smaller farming companies went out of business, unable to keep up with the changing industry. However, some companies, like AgroTech Farms, embraced precision agriculture early on. AgroTech Farms invested in the new technology and transformed their operations, leading to increased efficiency and profitability. As a result, they flourished, expanding their market presence and acquiring struggling competitors.

**Questions**

1. As the leader of Green Fields Agriculture, what strategies would you implement to adapt to the disruptive change brought about by precision agriculture?
2. How can traditional agricultural companies balance the need for innovation with the risks associated with adopting new technology?