

LAGCO HVAC

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Case Objectives and Use

This case was designed to illustrate for students the challenges faced by a small business owner trying to weigh the potential financial gain from expanding a business with the fear of potential loss of managerial control. Students will examine the components involved in analyzing how a business is currently positioned and whether business expansion is well-advised.

This case is intended for use in undergraduate and graduate courses in small business management and strategic management.

Case Synopsis

LAGCO HVAC is a small residential and commercial heating, venting and air conditioning business located in Bethel Township, Pennsylvania. The success of the business has been largely due to the efforts of Frank Laganosky, owner of LAGCO. He is proud of the company's reputation for high quality service. He has maintained high customer retention by building trust through clean, professional service that is technologically current. Due to growing demand for both residential and commercial services, LAGCO has grown to a point where Frank is considering the need to hire a qualified technician.

Although there are opportunities for growth, expanding the business means that he would have to be less engaged in daily activities. This is difficult since the company's trust and reputation is based on Frank's high quality and personalized service. He also is concerned about the significant cost involved to hire skilled employees. He is wondering if he takes the next step to expand the business, which opportunities would be best and whether the benefits would outweigh the risks.

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