Chapter 9
The Allgon Case Study

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Introduction

The Allgon company has been probably the most talked about newcomer on the Stockholm Stock Exchange since the late 1980s. Its spectacular growth and increase in shareholder value justify its place as a case study in this book. From a turnaround management viewpoint, it is particularly interesting to note how the company has constantly redefined its Business Mission in the light of changing markets and technologies. By cleverly anticipating and using such changes to their own advantage, Allgon serves as an example for many other companies in industries characterized by rapid growth and rapid technological change.

Allgon is also an example of the transition from a relatively small company run by an entrepreneur to becoming number two in the world, managed by a professional team focusing on a fast-growing niche. From a position as an almost unknown company, Allgon is today well known and respected. During a five-year period, the market capitalization value of the company grew almost one hundred times and the share price increased by more than thirty times.

In 1980, the family that owned Allgon decided to focus the available resources on products for mobile phone systems, that is, particularly on antennas (mounted on portable phones or on vehicles carrying such phones, or antennas used in connection with stationary 'base stations'), as well as on certain components contained in the base station. Since the antennas can both receive and send signals, corresponding equipment is often known as 'wave propagation' products. This concentration was a risky undertaking since, at that time, it was far from clear that mobile telephone systems would grow at such an incredible rate.