The dim lighting company case analysis

Business

THE DIM LIGHTING COMPANY CASE ANALYSIS 1 The Dim Lighting is a subsidiary of a major producer of electrical products and specializes in electric lamps. Each subsidiary operates as a profit center and reports to regional, group, and product vice president at corporate headquarters. In total, it employs about 2, 000 workers. Jim West is the general manager and has been successfully running the subsidiary for the past five years. However, the division has experienced a 15 percent drop in profit margins last year as well as failing to meet its operating targets (Brown, 2011, p.

1). Jim is eager to advance with the organization is feeling the pressure to turn the year around and start increasing the profit. The macro issues that the subsidiary is facing are the fact that the division failed to realize its operating targets and profits dropped by 15%. Additionally, the potential resignation of Robert Spinks (director of R&D) would be a huge loss for the organization. Spinks has been on board with the subsidiary for three years, he is very technical, and well respected.

Spinks is a key player that the organization needs to take them to the next level.

Micro issues that the Dim Lighting faces are the lack of team work from its managers. They seem to be focusing on the now versus the future and don’t seem to see eye to eye. Spink submitted a budget request for a major research project, the micro-miniaturization of lighting sources so as to greatly reduce energy requirements. He sees this as the Lamp of the Future, and if successful, it would be the successor to LED lights (Brown, 2011, p. 81).

Spinks has a lot of faith on this product and has even given it a seventy percent chance of success. Unfortunately the request was received with reluctance from headquarters and internal managers alike. One of the main reasons that Dim Lighting failed to realize its operating targets, and profit margin dropped by 15% is that they are not moving fast enough with the times. Dim Lighting THE DIM LIGHTING COMPANY CASE ANALYSIS 2 Company failed to move into new technologies and is not accepting change, creativity, and innovation.

Spinks is ready and willing to test and create a prototype of the Lamp of the Future and also work on other projects but is unable to do so until a budget is approved. Money has to be invested in the company or it will be left behind by other more innovative and hungry companies.

Jim West scheduled a meeting with all of the managers of the subsidiary to discuss the proposed budget. The management seems to be very reactive and not necessarily coming together with intelligent solutions.

During the meeting there is apparent animosity amongst managers and it is very hard to see them coming together and making a unanimous decision on one thing. The fact is that the company's under performance affects every single one of the managers along with the other 2, 000 or so employees but they still can't see eye to eye. Carol the accountant claims that the proposed project is a high risk based on her financial analysis. Bill the production manager agrees with Carol and claims that new machinery is needed instead.

However, Pete the marketing director agrees with Spinks and says: I don’t feel we can put our heads in the sand. If we don’t keep up competitively, how will our salespeople be able to keep selling obsolete lighting products (Brown, 2011, p. 81)? The management team needs to stop being so reactive and look at the future of the company versus only focusing on the now. The meeting ended up with a heated argument that had to be stopped by Jim West. The proposed options and alternatives are to conduct research on micro-miniaturization or purchase the new machinery.

The advantages of conducting research on micro-miniaturization are that this is a new technology that will greatly reduce energy requirements as well as setting THE DIM LIGHTING COMPANY CASE ANALYSIS 3 the gear forward technologically and innovatively speaking. There are competitive advantages such as increasing business, name recognition, avoiding global redundancy, and losing sales. The disadvantages are the high risk, the time it may take to get this product up and running, and the uncertainty that the product will take off and generate revenue.

On the other hand, the purchase of new machinery will immediately produce revenue, will possibly be more affordable. However, the disadvantages are the maintenance costs, the non-innovative, the continued negative contribution towards the environment, and the immediate and direct cost of the machinery.

Dim Lighting Company has had a good run and has fortunately managed to stay in business considering this tough economy and stale innovation. Every day companies are moving forward with technology and the “ go green” mentality.

It is not in any organization’s best interest to continue with antiquated ideas and non-green initiatives. My recommendation is that Dim Lighting Company approves the requested budget from Spinks for a micro-miniaturization of lighting sources so as to greatly reduce energy requirements. Additionally, this will put you in a path to innovation, creativity, “ green” stamp of approval, and make you a lot more profitable. References Brown, D.

R. (2011). AN Experiential Approach to Organization Development. New Jersey: Pearson Education Inc.