

Communication within the company

Business



Similarly, each product line will have individually measured costs for each product which will contribute to cost control. We would also explain the new system to our employees, its rules and the reason for implementing it.

Communication within the company is a very important aspect that's why, we would also have to get some information and knowledge ourselves because we believe that it's not possible to explain and demand doing something we don't fully understand. 2. Given the organizational architecture of the product lines, how should the manufacturing facility (FAA) be treated?

Given the organizational structure of the product lines, the manufacturing facility (FAA) would be run as a cost center, and measured on their ability to achieve this competitive activity-based cost standard. 3.

What are the critical tasks of finance to support this new organization? As John Gavin, what is your biggest concern? The critical tasks of finance to support this new organization are to lead to changes in our business to assure ADS a more competitive position as a stand-alone business and stimulate the division driving for growth and eventual reparability.

As John Gavin, profitability would be my biggest concern because the division is still operating at a loss. The new way to solve this problem should be founded and that's why we would search for feedback, mostly from managers, about the new product line organization and employees. 4. Is the product line concept appropriate for ADS? What are the positive and negative aspects of the product line structure considering the 1 .

Measurements, 2. Transfer pricing and 3. The organizational structure?

The product line concept seems to be an appropriate choice for ADS mostly because of the size of the market it is operating on and its complicated character which also has a reflection in variety of the products ADS offers. This approach allows each product line to focus on its own goals, find problems occurring within the product line and undertake steps in order to solve them. As we mentioned before, the product line structure has a many positive aspects beneficial for the company. First of all specific, measurable goals, as mentioned before allow to quickly undertake proper actions and assess the performance.

What's more, it encourages managers to look more often into a finance practices and enhance cooperation between line managers and financial managers. Secondly, increased ability of the product and process development to work together support both manufacturing and development. Of course everything has its disadvantages, product line concept divide product lines into more independent and separate entities which may lead to the competition between each product line. It can increase the amount of disputes between business units and headquarters, especially about transfer pricing.

How can the product line concept change the demeanor of the division? Is there anything else ADS can do to change the culture? As mentioned in the previous question the competition may increase.

The change from seeing the organization as a whole to looking at ADS as collection of business units functioning within one company may influence on people's behavior negatively but it can also influence the perception of the “

spend and technology” mentality that exists in the division. Now, when measurement of results and dispensing rewards are implemented, productivity will probably increase. . What other management control recommendations would you make to ADS management given their drive to profitability? A good idea would be eliminating central manufacturing and central services in order to develop cash flow statements and balance sheet. Secondly, since there are 7 product lines, everybody would tend to compete for the more budgeted product line.

This competition can be eliminated by systematic rotating of each product line to be in charge of different series of semiconductors.