

Eldora company essay

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Cheap labor available in Asia, which is close to 15% of the labor charges in the US. C) 20% of the production cost is labor cost, which can be reduced by automating all the manufacturing processes. D) Additional transportation cost and excise duties to sell the bicycles in the external market.

Options a) Manufacture in China/ Singapore / Taiwan. Based on demand and other facilities available. B) Outsource production to Asian countries. C) Shift manufacturing operations to locations like Mexico where wage rate are similar to Asia and many other risks minimized. However transportation charges are to be added to deliver the bicycles to other countries.

Recommendations a) Keeping the growing demands in Asian countries in mind DC should plan for outsourcing the production on a short term basis, to companies located in Asia.

B) However on a long term basis, after analyzing the sales in Asian countries, they may set up production facility in appropriate location c) The locations for outsourcing as well as construction of production facilities need to be decided on a good demand forecast analysis and various facilities available.