Summary of case study–scotts miracle-gro company

Business

This summary is about a case study of the Scoots Miracle-Grog Company (Scoots), the largest company in North America's lawn and garden industry. It was founded by Orlando McLean Scott in 1868, and located in Ohio.

Miracle-Grog was founded by Horace Haggled in 1951 and merged with Scoots in 1995. Miracle-Grog is a leader in lawn and garden care chemical industry before the merger, while Scoots was known for its grass seed, fertilizers and fertilizer spreaders.

Bob Backcomb was the director of operations of Scoots' Tentacle plant for 5 years ND have to Justify why the company does not outsource a contract manufacturer of Scoots' spreaders to China to cut expenses and increase production volume, instead of continue manufacturing them in their own plant in Tentacle, California. There are obvious advantages and disadvantages of outsourcing to China. The main cost drivers of Tentacle plant are raw materials, labors, electricity and overheads. Scoots is facing high labor and electricity costs.

Outsourcing to China would significantly lower costs in labor, electricity (with Government subsidy), and overheads. However, extra shipping costs would be needed, and lead time would increase since products have to be shipped from China to company. Extra administrative costs would be needed for hiring supervisors and Implementing new systems for quality control in plant In China, because the company would like their products to meet their quality standard. Company Image Is also another Important thing to look at.

Outsourcing to China might have a negative Impact on Scoots' Image since products that are manufactured In China do not have a good reputation.

What’s more, It may costs more for the company to shut down the production line In Tentacle, since they will have to lease out the plant, sell equipments for production, ND compensate their labor for laying them off. Therefore, I suggest that the company should continue to manage their business at the plant In Tentacle even though It may cost them more.

They could reduce some cost by training production line workers to Improve workforce production volume, so as to make land cost more comparable to China. Also they could automation their plant to cut labor cost In short run and machinery cost In long run. Administrative costs would be needed for hiring supervisors and implementing new systems for quality control in plant in China, because the company would like their products to meet their quality standard. Company image is also another important thing to look at.

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