

Liquid chemical company case study

Business



Liquid Chemical Company Executive Summary Identifying all of the information relevant to a particular business decision is a challenging task because relevance is a broad concept. The process requires an understanding of quantitative and qualitative information, a grasp of legal issues, sensitivity to ethical concerns and an ability to discern fact from decision. Virtually all business decisions involve choosing among alternative courses of action. The only information relevant to a decision is that which varies among the possible courses of action being considered.

Costs, revenues, and other factors that do not vary among possible courses of action are not relevant to the decision. In addition to quantitative information, many non-financial factors must be taken into consideration. It would be irresponsible and short-sighted for managers to seek solutions and base decisions entirely on revenue and cost figures. Most business decisions also require an examination of legal issues, sensitivity to ethical implications, and an ability to distinguish fact from opinion.

Thus, while incremental analysis is an excellent tool for evaluating alternative courses of action, managers should not automatically follow the first course of action that holds a promise of increased profitability.

Rather, they should always be alert to the possibility that a more satisfactory, and perhaps more creative, solution exists. Case Context – Liquid Chemical Company manufactured and sold a range of high-grade products throughout Great Britain. They had a special patented long, made from a material known as GEL, and the firm operated a department especially to maintain its containers in good condition and to make new ones

to replace those that were beyond repair. – Dale Walsh, the general manager, had suspected for some time that the firm might save money and get equally good service by buying its containers from Packages, Ltd.

Packages, Ltd.

Was prepared to supply all the new containers required- at the time running at the rate of 3, 000 a year- for 00, 000 a year. Problem Definition 1 . Should Dale Walsh accept the quotation from Packages, Ltd? Would It be a sound echelon?