

Negotiations - case study

Business



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Lieutenant Early was able to analyze that most of the overhead expenses were due to ineffective management. Trustworthy Equipment Company, being a small company can be subjected to management issues. Ineffective management issues can be in form of insufficient support from the technicians. The Hawthorn family was in charge of the management of the company. They managed the company without any qualification but because they were the major shareholders. This kind of management is biased and makes the process of seeking solutions to problems very disadvantageous. Lack of management skills makes the firm not to be at par with advances in technology (Hastings, 2009).

Technical support makes it possible for the business to be aware of modern technologies. With this can be able to understand the operations of the industry resulting to familiarity with clients. Therefore the industry can provide reliable services and appropriate solutions to the client problems. Lieutenant observed that the company suffered from insufficient training because of one stenographer who was in charge of five semi-skilled workers. This is due to ineffective management of the company. The firm is the only one producing the special machine but has very complex production processes that have made the employees to be resistant to new innovations (Vanden & Consulting, 2008).

These employees basically resist new training because top managers have not been fully trained. Ineffective management also results in high expenses as a result of ignorance over security measures. Contingency are the allowances that help the management in addressing risks within the firm. The contingency allowance ensures that managers are able to account for all the errors and omissions made in the firm. Lieutenant Early should ensure <https://assignbuster.com/negotiations-case-study/>

that all the company operations and activities are performed perfectly. This calls for changes in the operations of the company (Hastings, 2009). This will reduce the amount of money paid as contingency allowance because there will be an improvement in the efficiency of organizational processes. The changes will also ensure that the organization is able to address risks accordingly. The entire unknown amount should be paid for in order to reduce the contingency allowance. This makes the payment to be in time hence reducing the accumulation amount. The Trustworthy equipment company should be principled enough to pay for all the known and unknown expenses. This eases the future budget of the firm making a similar contingency allowances (Steams, 2009).

In order for Lieutenant Early to reduce the expense without making changes, there needs to be some spending on unusual items. There is also a need to be aware of how the money is going to be spent on making purchases. There is also the need to address both the important and petty items. This makes it easy to manage the budget of the company. Unnecessary routines used in making purchases should also be eliminated. This helps in reducing the costs incurred in the long chain purchase process. It can be replaced with a fixed and direct purchase route. Other changes include a reduction in unusual costs and entertainment (Bennett, 2009).

References

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