

# Lamprey inc remains viable as a business enterprise

[Business](#), [Management](#)



## Lamprey Inc Remains Viable as a Business Enterprise

### I. Problem Statement

Jim Malesckowski, President of Wisconsin Specialty Products Division of Lamprey Inc. was torn with the dilemma whether he should move the Lamprey's Oconomowoc facility to Mexico. It sounds right but felt wrong. Jim does not want to be responsible for the Oconomowoc plant's dismantling and would like to save it as long as the costs can be lowered.

### II. Issue Identification

The most glaring issue in the problem that prompted Lamprey Inc. to consider moving the Oconomowoc facility to Mexico is the high operational cost of Oconomowoc facility particularly the wages. Compared to Mexico, the Oconomowoc plant wage of \$16 per hour is ten times higher than the \$1.60 per hour wage in Mexico.

This huge disparity in salary already manifested in the uncompetitive pricing of Lamprey Inc.'s products compared to its competitors. Competitors were also dangerously close to overtaking Lamprey Inc. in terms of product quality.

### III. Issue Analysis

Lamprey Inc. has to lower its cost, to remain viable as a business enterprise. If it will continue to operate with the same cost in the present state of competition, it will not be long before it will fold. Looking at the numbers, moving the plant to Mexico seems to be the easiest solution considering the wage disparity of \$16 per hour in Oconomowoc plant and \$1.60 per hour in Mexico translating to a \$15 million savings per year.

But limiting the consideration of the decision to lowering wages can be a

very simplistic solution to the problem. The real issue of the Oconomo plant is the high operational cost and wage is only one of its many components. In addition, the level of the plant's productivity may be also an issue for it might be producing less at the same cost. If the management and the employees can find ways to lower the cost and increase productivity that will make the company's return higher and enable it to keep a savings equivalent to moving the plant to Mexico, then it should be explored.

#### IV. Recommendations

As an experienced manager, Jim Malesckowski felt it in his gut that the decision felt wrong although it sounds right. Strictly looking at the disparity of the wages may seem to be right but he knew that as long as there is a chance that the cost will be lowered, the plant should be saved.

Jim has to engage the employees through its union in the solving the problem of lowering the cost and enhancing productivity. He has to be forthright with the employees that both of them want the same thing, to keep the plant at Oconomo without cutting the wages. So they have to solve the problem of competition which undermines their mutual interest of keeping the plant. They have to look for ways to lower the cost and increase productivity to keep their wages and the plant in Oconomo otherwise the facility will be closed and moved to Mexico.

Once this rationale has been understood by the union, it will be the right time to introduce cross training program to enhance the productivity of the plant.

#### V. Conclusion.

Knowing the prospect of losing their jobs due to competition will most likely

engage the employees in implementing cost saving measures and productivity enhancing programs. And most likely, when both management and employees work together towards a common objective, the \$15 million target savings will not only be achieved but will also be surpassed.