

Butler systems essay sample



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Butler Systems and SDX Chemicals have reached a crucial point of their business relationship. These two companies have built a working relationship that has existed since 2005. They companies know one another and have built a committed relationship to one another. What happens next could either resolve the affair or terminate the arrangement and commitment the two companies have created over the previous years. After assessing the situation, the Vice President must decide which action to take, prevent this from occurring with future companies, and determine key learnings and recommendations moving forward (Benton 2010). Butler systems mass-produces environmental control systems as well as power conditioning equipment. They are prominent in this field and well-known. The company has passed 1 billion dollars in sales and is doing exceedingly well for themselves. The fundamental component to their emergency power supply (EPS) system is the HD-5 battery. This battery is supplied to Butler Systems by SDX Chemicals. The EPS is a system constructed to avoid malfunctions and withstand temporary power outages in computer network systems.

This will deflect data loss and critical hardware impairments. Being the battery is so crucial to the output of Butler Systems products, finding a battery supplier that is impeccable is one of the most critical processes the firm is challenged with (Benton 2010). The vice president of operations is troubled by the low volume of HD-5 battery inventory on hand. Typically a 90 day supply is kept at the warehouse but it has been realized that only a 20 day supply of batteries are currently on hand. Furthermore, Butler Systems has not received a battery shipment in the last two months. Butler contacted SDX Chemicals a week ago to examine the status with them. It was during

this time SDX stated the price would be doubled and the current contract with Butler Systems had been cancelled. It was also revealed during this conversation SDX is expected to devote more of their supplies to back the Chinese automotive commerce (Benton 2010). The vice president knows a history has been established with SDX Chemicals. It would be a shame to have both reputations ruined as a result of a breached contract.

SDX would have trouble moving forward in the supply industry when other companies know they will not fulfill their obligations and Butler Systems would lose reputable clients if they were unable to produce their products to buyers on time. Realizing this, the vice president realizes choices must be made in order to correct this situation. As a result, SDX Chemicals must be contacted to negotiate the contract (WWW. Mylegalbriefcase 2015). During the negation process, SDX will be reminded that under the contract and terms a five-year contract agreement has been established between the two companies and unless either company expresses written noticed 60 days or more to the other firm, the contract will renew at one year intervals. SDX has breached this binding contract by not delivering items on time and increasing the price by double the original amount. Butler has the right to sue for damages for schedule performance that was not honored. Once the ugly truth is on the table, it will be stated that a better alternative to the lawsuit would be renegotiate the terms (Benton 2010).

By asking SDX chemicals what they think needs to be adjusted in the terms of the contract, Butler Systems is allowing SDX the opportunity to rectify a situation that could potentially hurt their reputation with the Chinese automotive industry as well as any other buyer wishing to purchase from

them. Not only is it offering SDX the opportunity to save their reputation, it is also going to hold Butler Systems reputation intact as well. SDX can choose to move forward with Butler's generous offer and save a history between the two companies or fall short of a reputable firm and choose the law suit instead. As the vice president, I would accept the changes SDX is offering if I believe they will be in the best interest for both parties involved. The HD-5 battery is crucial to Butler Systems products and the main reason SDX was chosen to supply them with the battery. It is because of this I would not agree to the product change clause in the contract. Pricing can be adjusted to either a 30 day written notice or given a degree of price fluctuation that will not exceed a certain amount during the contract period.

Other terms and conditions can also be adjusted. The buying organizations role in selecting and qualifying potential supplies should be to determine which products and services their firm needs, in this case the battery, and then they should evaluate the suppliers and choose alternative brands that are similar to one another. Obviously the buyers will make the actual purchase but the process involves others to come to the conclusions needed to determine what needs to be purchased. The decision makers, or engineers, and stakeholders should offer input in the purchase process. Gatekeepers should control the flow of information which the purchasers will need to make an informed decision. Butler Systems has a well thought out process of searching for suppliers, soliciting proposals, and selecting the supplier they will use, however, Butler systems should take into considerations economic factors which may cause the supplier to not full-fill

their end of the contract. SDX could not keep up with the demand from Butler and the Chinese automotive industry.

Perhaps Butler Systems should buy and hold a larger inventory of materials so they are not affected by any immediate shortages as well. You may be thinking why anyone should care about this situation. Several reasons exist but the main one that continues to be at the top of the list, is you want to work with reputable companies. It does not matter if it is other firms, suppliers, buyers, customers, or the public, both on a macro and a micro level, people want to work with companies that are a team player and hold true to commitments made through contracts, terms, and conditions. Once you establish a working relationship with suppliers, it is good to keep them, provided they are committed to their deliverables. It is also important that each firm show a willingness to overcome situations such as these. Not only does it show adult like actions, it creates a reputation for each company of established credit with other companies that may want to work with you in the future. Assessing the situation, deciding which action to take, preventing occurrences in the future, and determining key learnings will be what sets firms apart from others.

References

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