

# Case analysis sample

Business



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Written Analysis of the Case Cosmos Corporation I. Problem Statement What is the best way of minimizing the waste released by Cosmos Corporation's plant facility? II.

Objectives 1. To determine the effect on company's Profit After Taxes of installing waste neutralizers for the fiscal year. 2. To determine the effect on the finances of Cosmos Corporation this year of locating the plant somewhere else if it will refuse installing the waste treatment equipment. III.

Areas of Consideration The Agreement between the City of Makati and Cosmos Corporation Cosmos Corporation promised a year-round employment of at least 500 employees from the city. In return the city: sold a land worth Php180, 000, 000 where the plant will be built, constructed the plant according to specifications with the company repaying the cost in equal monthly payments for a 12-year period with 6. 5% on unpaid balance, and will not collect property taxes for 10 years. The Makati City Development Plan The city government has a plan building a park and requests the Cosmos Corporation to install special chemical equipment to neutralize the waste discharged by the plant. The Request This waste treatment requested by the city government will cost the company around Php7, 500, 000 for the equipment and an annual operating costs of Php500, 000. The Contention of Cosmos Corporation The Company President argued that they cannot afford such waste treatment and that the requirements for locating their plant in Makati did not contain a clause for putting up a waste treatment facility.

The company also complied with the other requirements set by the city government like the monthly payments and providing employment for the people. The president pointed out that the plant is built specially for the company's particular type of chemical manufacturing. If they will abandon this and move to other location since they cannot comply with the request, they will have a hard time selling this highly-specialized plant facility. The Say of Makati City Government For Makati City Government, the deal with Cosmos was to assist them in becoming competitive by helping them getting established in the area. The city government of Makati provided them land with nominal costs, favorable building costs payment, and high productivity-labor in the area.

So, the city government expects Cosmos Corporation to do their social responsibility to the community. As a corporate citizen of Makati City, Cosmos is expected to heed to the request of the government to install waste treatment facility as a support to the government's civic development plan. The city government also believes that the threat of the corporation to abandon the plant and locating in other area is a pure bluff since relocation would entail the company a very high cost and loss of efficient labor forces

IV. Alternative Courses of Action Based from the situational facts listed above, the following are the alternative courses of action of achieving the case's objective to solve the central problem: 1. Install the equipment to neutralize wastes released by the plant

Pros: \* Adherence to the request of the city government will result in a much better working relationship between them.

\* This can be a way of reducing the probability of future lawsuits against the

company for the harmful effects of waste on the community's health which includes the health of its labor force.

Cons: The company will have to release cash or other assets worth Php7, 500, 000 to install the equipment and to incur additional Php500, 000 annual operating cost of the equipment which would greatly affect its profits (after tax). 2. Install recycling facility Pros: \* Reduces the waste released by the plant and provides additional income from selling the recycled waste \* Will result in good corporate citizenship since they can comply to the request of the government \* Avoid future lawsuits against the effects of its waste to the community's health. Cons: \* Additional cost of installing the equipment and incur additional annual equipment operating cost. 3.

Transporting the Waste to Chemical Waste Disposal Sites Pros: \* Adherence to the city government request of minimizing waste materials emptied into Pasig River \* Cost the company lesser than installing special chemical equipment \* Reduce probability of future lawsuits against company's harmful effect of waste to the community. Cons: \* Purchase of transport vehicles and containers for the waste will entail additional costs to the company 4.

Relocating the plant facility Pos: \* Will not incur Php7, 500, 00 for equipment and additional annual operating costs of Php500, 000 Cons: \* Finding new location, obtaining permit, building the plant, finding efficient labor force will cost Cosmos Corporation huge amount of money \* Consume their time finding a new location, instead on using it to produce product and gaining income V. Recommendation From the listed alternative courses of action, I highly recommend ACA 3. Alternative Course of Action 3 is the Transportation of Waste to Chemical Waste Disposal Sites.

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This does not only minimize cost of waste disposal and it is also convenient for the company since what they only need to do is to put the waste in a container, seal it then transport to waste disposal sites. There are DENR-EMB accredited disposal sites which would help Cosmos facilitate waste disposal. The company can also collaborate with the city government of Makati to help them transport such waste by borrowing/leasing government-owned trucks and arranging agreement with the disposal site chosen. This recommendation will both be beneficial to the two concerned parties. They can both proceed to their own plans without harming each other and the community as well. VI.

**Potential Problem Analysis** The recommended action for Cosmos Corporation requires careful planning on the disposal of its wastes. The agreement that would be reached by the city government and Cosmos should set the liabilities as to the transport of the waste and the help that it the government can extend to the company. The city government should be the one recommending the accredited disposal site and upon the approval of Cosmos a written agreement should be made including all other pertinent clauses like the use of transport vehicles of government, the cost incurred in the transportation, etc. To enforce implementation of said agreement, the city government and Cosmos should agree that failure of the company to comply with the agreement shall grant power to the city government to compel them to install a special chemical equipment to neutralize the wastes released by its plant.