

Scotts miracle-gro

Business



The operations manager, Backcomb, has overseen operations of the company over the past 5 years and needs to justify why the company should not outsource/offshore production of its spreaders to China. Key Issues One of the main reasons that Scoots Miracle-Grog should not outsource to China is that the productivity of China workers is not as high as in the United States. With the rising prices of labor wages and low production of workers it would cost the company more money than it would earn. Not to mention transportation taxes that they would pay to import the spreaders.

Administrative costs would also be a factor because the company has weekly meetings to oversee the production and ensure the company is meeting its quality standards.

Define the Problem The cost of outsourcing to a lower wage country like China may seem like a great idea. Once the implementation of import taxes and administrative costs begin to rise, the company may begin to realize that maybe outsourcing/offshoring costs more than it produces. The added costs of transportation might not be the only problem.

The labor wages in China are forecast to rise over 10 years' time. Alternative solutions Another solution could be that buying direct from a manufacturing firm in China.

This may be a difficult task because the process of "in mold labeling." The facility in Template is one of the few facilities in the world to use this technique. Selected Solution to the Problem There really is no big problem with Scoots Miracle-Grog operations. The operations manager, Backcomb

needs to prove that outsourcing would only bring the company problems more than solve any.

With over 5 years as the operations management and Scoots Miracle- Grog the largest lawn and garden company the solution lies within the management team. Implementation Continue to process spreaders in Template, California.

With the opening of the new facility in Template, production increased. Once lean management techniques were implemented the plant was ready to compete on a global basis. Recommendations Keep the vision of implementing the whole plant as automated as possible. Leave the idea of outsourcing to China a thing of the past.