

# Management and universal electric flashcard



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Galvor Company is a small fabricator of electronic equipment that was acquired by Universal Electric Company in 1974. Galvor was required to comply with Universal Electric's management control system of submitting tedious annual business plans accompanied by a series of reports periodically.

The business plan served as a standard for unit manager's performance. The financial reporting employed by Universal Electric has been beneficial in planning, forecasting and controls as experienced by the company. Universal Electric believed that the same will hold true for Galvor Company. Galvor at the start, as would any firm faced with drastic changes, resisted the new system and found it time-consuming and costly; especially since they have been used to preparing financial statements and reports only once a year. Required reports were not submitted on time, employees proved to have insufficient skills and know how, and the cultural and language differences began to take its toll.

However, through time, Galvor employees began to understand and appreciate the reports they made. The imperative to assimilate Universal Electric's planning system with Galvor Company is a sound decision based on the necessary benefits for the mother company. Universal Electric's geographically scattered organizational set-up needs this kind of system in order to keep track of its profits, assets and investments. However, it should also be considerate of Galvor's "immaturity" and woes. Universal Electric should be steadfast in assisting in the training and development of Galvor employees.

Necessary funds and man-power should be employed. Universal Electric should come up with a better plan for company acquisitions and transition since control is obviously important to them.