EVALUATING ALTERNATIVE SOLUTIONS

Monmouth Thermics, a subsidiary of General Standard, a large conglomerate, manufactures thermometers. Your primary customers are large companies who purchase the thermometers to use for specialty advertising. Over the last several years, however, low-cost overseas competitors have pulled away many of the company’s long-time customers.

General Standard has become concerned about the loss of market share and declining profit. You, as Monmouth general manager, have been asked to put together a recovery plan to present to the General Standard board of directors. Your management team has pulled together the following options:

- **Cut costs by imposing an across-the-board pay cut** for all personnel. This would save enough money to bring the company back to profitability.
- **Expand operations into specialty printing.** Currently the thermometers are sold to other companies for printing. The additional printing cost would add 23¢ to the cost of each unit, but would also add 40¢ to the unit sale price.
- **Expand sales of the current thermometer line** to retail outlets such as Wal-Mart and Target.
- **Manufacture and market a new product** the R&D department has developed, a combination thermometer/barometer housed in an oak case. The product would be marketed through specialty stores. Two new production lines would have to be added for the barometer and for the wood case. The “Thermbarometer” could be manufactured for about $30 per unit and sold for $100.

Use the seven-step decision-making process described in the chapter to decide which option management should present to the General Standard board of directors. Defend your choice.

7-step decision making process:
1. Define the problem
2. Describe, collect necessary information
3. Develop alternatives
4. Develop agreement (consensus)
5. Decide which alternative to implement
6. Do what is indicated (implement your solution)
7. Determine if it was a good decision and follow up

As a team, let me know the following:
Who are your stakeholders?
What is at stake for each group of stakeholders?
What option did you choose?
Why did you choose it?
Why didn’t you choose the other options (be specific)?
How did you evaluate your options (PMI, etc)?
As a team, brainstorm and tell me what other alternatives you could come up with.