

Assignment Day 12

- 1) The DoorCo Corporation is a leading manufacturer of garage doors. All doors are manufactured in their plant in Carmel, Indiana, and shipped to distribution centres or major customers. DoorCo recently acquired another manufacturer of garage doors, Wisconsin Door, and is considering moving its wood door operations to the Wisconsin plant. Key considerations in this decision are the transportation, labor, and production costs at the two plants. Complicating matters is the fact that marketing is predicting a decline in the demand for wood doors. The company developed three scenarios:
1. Demand falls slightly, with no noticeable effect on production.
 2. Demand and production decline 20%.
 3. Demand and production decline 40%

The following table shows the total costs under each decision and scenario.

	Slight decline	20% decline	40% decline
Stay in Carmel	\$1,000,000	\$900,000	\$840,000
Move to Wisconsin	\$1,200,000	\$915,000	\$800,000

What decision should DoorCo make using each strategy?

- a) Aggressive strategy
- b) Conservative strategy
- c) Opportunity loss strategy