



Felipe's Presentation: Sample Notes

Memorandum

To: Humberto
From: Felipe
Subject: Serious Problems at Our Main Chinese Factory

Our supply chain in China is a strategic asset. Without it we cannot compete against the larger companies in the industry. On my recent trip to the country, I toured our suppliers and found that most provide good value and quality and have acceptable working conditions. There was one exception: our principal supplier in Guangdong. There I discovered underage workers and poor working conditions. As a result, we have a decision to make about how to respond.

In a recent email, a representative of the factory owner said that he had heard of my reservations about the plant and was upset about them. I do not know how the owner received this information. I have not said anything about this matter to anyone outside our company. In any event, I think this development gives added urgency to the decision.

Tech Musica is not the first company to confront this type of situation. You may remember the Nike situation in the 1990s. Nike received bad publicity for doing business with sweatshops. It faced consumer boycotts and experienced large sales losses in the year after its use of sweatshops was publicized. People still remember Nike's association with sweatshops many years after it first came to light. More recently Apple, the most esteemed brand in consumer electronics, has been on the receiving end of bad publicity for working conditions in its supply chain.