

## Felipe's Action Plan



### Memorandum

#### Action Plan

I propose an action plan that will address the worst conditions at our major vendor's plant and set up a process to ensure decent conditions there and wherever we make our products.

#### Short-Term Action Steps

- Felipe identifies the factory problems that have to be corrected, possible solutions to them, and potential costs for our company. Humberto and Estela approve his proposal and pass it to the CEO.
- Estela notifies the plant owner that we urgently need to meet with him about factory working conditions. She states our priorities: Stop exposure to toxic materials, stop the use of underage labor, and correct substandard working conditions. But she also stresses that we want to work with factory ownership.
- Felipe travels to China to meet with the factory owner at his office. Estela participates through Skype.
- In the meeting, Estela leads the discussion of our priorities and states that they have to be met to keep our business. She explains why: Our ethical values are being compromised, we cannot condone violations of Chinese laws, and we risk a marketing disaster.
  - Offer incentives for the factory owner to cooperate: cost sharing and a long-term commitment to use the factory.
  - Discuss a plan and timetable to protect workers endangered by toxic materials.

- Discuss how to correct other working conditions. We want to ensure that workers have breaks, lunch breaks, and a limit on total working hours per week. Investigate the cost of air-conditioning the plant. As a gesture of good faith, offer to furnish magnifying glasses for circuit assembly workers.
- Finally, take up the most difficult topic: how to phase out underage labor.
- If the owner and management refuse to cooperate or stall, start the process of looking for a new manufacturing partner.

### **Long-Term Action Steps**

- The CEO appoints a team to draft a code of conduct for vendors. He also authorizes human resources to establish a charitable fund for the families of children currently employed at the factory. The fund will replace some of the children's lost earnings and help them go to school.
- The factory starts replacing underage employees with legal workers.
- Felipe circulates the code of conduct to vendors, asks for their feedback, and notifies them when Tech Musica will implement it. Felipe then starts the ongoing audit process in our supply chain.
- The vendor code of conduct team explores an umbrella organization of companies similar in size to Tech Musica to monitor working conditions and share costs.