



Activity: Memo Writing

1. Write a memo to senior management, requesting approval to purchase a new fork lift. Use the background information presented below to justify the request, and add any information which you feel is necessary.

2. Write a memo to your work team, asking for suggestions to lessen the impact of problems with the unreliable fork lift until the new one arrives.

Background Information

Last year's costs because of problems with the old fork lift include the following:

Last Year's Costs	Cost Data
<ul style="list-style-type: none">• Lost 618 hours of fork lift usage• Spent 216 hours on maintenance• Spent \$16,948 on materials for repair• Lost 218 hours in production down time• Spent \$19,000 for fork lift rental	<ul style="list-style-type: none">• Cost of new fork lift, \$62,000• Production time, \$70/hr• Maintenance time, \$35/hr



Facilitator's Notes:

Suggestion: Have the participants do this at home and set a deadline.

Background Information:

Last year's cost:	Rental	\$19,000.00
	Materials	\$16,948.00
	Production Time	\$15,260.00 (218 hours at \$70/hour)
	Maintenance	\$ 7,560.00 (216 hours at \$35/hour)
	Total	\$58,768.00 U.S.

New Fork Lift	Cost	\$62,000.00
----------------------	-------------	--------------------

Participants should be requesting upper management to purchase a new fork lift.