CJ Industries and Heavey Pumps

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# Major facts

CJI provides value services to clients through practice of technology and by providing engineering resolutions. CJI is a highly specialized plastic injection molding and[contract engineering](https://www.cjindustries.com/injection-molding-services/plastic-contract-manufacturing) industry (Plastic Injection Molding Company). CJI signed a contract of five years with Great Lakes Pleasure Boats worth $10 million annually. In this contract CJI will give many main engine parts to Great Lakes. This contract is financially beneficial for CJI, as it covers 30% annual sales of CJI. One item to be delivered to Great Lakes is bilge pump and CJI have to purchase it from Heavey Pumps. They are producing 50 pumps in a single order of price $1500 for every unit, including delivery cost of $500 per 50 pump shipment. CJI needs another order for 50 pumps and have to place its order 8-10 weeks before time.

# Major issues

The issue is whether Heavey Pumps will assure delivery of 50 pumps every month to CJI warehouses or not? If Heavey is going to fulfill extra demand of CJI, then it needs extra investment, more equipment and labor. Moreover, CJI can make these pumps in-house. But according to production manager, an investment of about U.S. $500,000 is required, with extra space and three more employees. But Nik is not sure that this investment is good for CJI. Mr Grams knows two more companies making these pumps, but he has never purchased from them before, and they are at distance of 500 miles from CJI warehouses. There can be many solutions for this:

# Possible Solutions

1. CJI can buy these pumps from Heavey who are their old suppliers, and there are no complaints about their previous batches. It is beneficent to Heavey if demand of pumps increases and no extra expanses required.
2. CJI can also add a production unit in their industry for pumps. Although expanse will be increased but it will help them long-lasting, as Great Lakes are their main customers.
3. CJI can also try other pumps producing companies, if the cost of distance is less than introducing new in-house unit.
4. Another solution is that CJI can take pumps from Heavey and can manage some from new suppliers. This way they can save money and time.

I will suggest B, because it is advancement of CJI industries, a new production unit will be added and can be a long-term investment. Manufacturing all products under one roof can be more economical because a subsequent amount of product can be produced by a single plant (Sule, 2007).

Moreover, if CJI establishes this new bilge pumps unit successfully, then they can fulfil Great Lakes’ demand accordingly. Moreover, if this contract is fulfilled by CJI according to Great Lakes expectations, they can get more business contracts from them.

# References

*Plastic Injection Molding Company.* (n.d.). Retrieved from www.cjindustries.com: https://www.cjindustries.com/plastic-injection-molding-company

Sule, D. R. (2007). *Production Planning and Industrial Scheduling: Examples, Case Studies and Applications.* CRC Press.