In our meeting of March 15, we reached an understanding regarding a Capstone project to be conducted by a team of MBA candidates from the University of Northern Iowa for the XYZ Company’s purchasing department. Project objectives include product expansion, human resources plans, and an analysis of financial capacity. The client will provide information for analysis.

XYZ Company manufactures and installs widgets. Since its founding in 1802, sales have increased to $10.2 billion and the business has been profitable in its current lines. Over the past four years, several new lines of potential business have presented themselves, and the company has experienced some challenges as well.

a) Product Expansion: XYZ needs to consider whether to continue outsourcing the widget component Z or to bring this activity in house. XYZ has concerns about the stability of suppliers as well as concerns that increased volume will have negative impacts on product costs and/or quality.

b) Human Resources: the potential retirement of a key executive who represents the primary technical expertise in the development of new widget model X. XYZ has an opportunity to contract with Engineering Company A or Engineering Company B, but does not have a formalized plan for making a transition from in-house to contracted engineering processes.

c) Financial Capacity: As a company in a mature industry, XYZ has relied on traditional financial resources. As the company entertains the possibility of expanding into new product areas, including high tech and potentially more risky ventures, XYZ would like to explore the potential for venture capital funding or spinning off some products as public offerings.

The capstone team will work with Employee of XYZ to collect internal company data needed to complete the project. The team will be able to obtain, at a minimum,

a) Previous internal analysis of the outsourcing decision, the engineering needs projected over the next 20 years, and labor requirements for any financial changes.

b) Access to current clients to better understand the target market.

c) Access to previous clients who have not chosen an XYZ product within the past year.

d) Access to the company’s top ten dealers for interviews.