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15.280 Communication for Managers  
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## **Lincoln Electric in China**

This assignment is based on the Lincoln Electric in China case that you analyzed for Organizational Planning (15.311). The assignment for 15.280 should be written individually.

### **Case Re-Cap**

The Lincoln Electric (Shanghai) Welding Co., Ltd. was Lincoln Electric's first manufacturing investment in China. Anthony A. Massaro, the Lincoln Electric Chairman and CEO, opened the plant on May 13, 1998. The company was established as a wholly-owned subsidiary of a Singapore-based joint venture between Lincoln Electric and its distributor partners. Lincoln Electric was the majority shareholder in the joint venture and solely responsible for the management of the company in Shanghai.

Jeffrey Kundraich, the general manager of Lincoln Electric (Shanghai) Welding Company, Ltd., was concerned about how quickly a foreign company should introduce its management policies into a foreign country or, indeed, if transplantation of foreign practices should be avoided altogether, trying to find some unique measures to motivate indigenous employees of multinational firms. This was an enormous issue for Lincoln Electric, having become renowned in the West for a very successful and visible remuneration scheme. Central to the "Lincoln Way" was a piece-rate payment scheme that only paid employees for what they produced, and a bonus system that provided employees with year-end bonuses based on their performance. Would this system work in China?

Following Lincoln Electric's very successful launch in Shanghai, Kundraich now felt it was time to review the situation and start focusing on how to develop the company's management and labor practices. Furthermore, Michael Gillespie, Lincoln's President and pioneer in Asia, was coming to Shanghai next week and wanted to hear Kundraich's plans for the development of the company.

### **Your Task**

You are a senior staff member at Lincoln Electric (Shanghai) Welding Co., Ltd. and have been asked to prepare a memo to Michael Gillespie recommending a payment scheme that would sustain growth and boost productivity while maintaining a motivated and committed workforce. Jeffrey Kundraich will use the memo in his discussions with Gillespie next week. You should consider the views of other executives at Lincoln Electric (Shanghai) Welding Co., Ltd. as well as cultural impediments.

Jeffrey Kundraich has asked for a recommendation memo that does not exceed two pages.

|                             |                      |
|-----------------------------|----------------------|
| <b>Due date</b>             | One day before LEC 6 |
| <b>Grade weight</b>         | 15%                  |
| <b>Criteria for grading</b> |                      |

**Strategy:** Have you fully assessed the needs of Mr. Gillespie (and Mr. Kandrach) in terms of information content and detail, macro-structure, and micro-structure? Have you met those needs?

**Macro-Structure and Development:** Was your structure (direct/indirect) appropriate for your audience? Did you provide sufficient and appropriate evidence for your audience to find your arguments persuasive? Is your rationale for supporting your recommendations clear? Is your rationale for *not* supporting other possibilities also clear? Have you considered *all* possible courses of action that your audience might consider?

**Micro-Structure:** Can your argument be quickly grasped by skimming? Did you use active rather than passive sentence structures? Is your tone appropriate to the audience? Have you highlighted key findings/recommendations? Have you double-checked your spelling and grammar?