**Giving Bad News (GROUP WORK)**

**Assignment due In class**

NOTE ON PURPOSE OF ASSIGNMENT:  This is an imaginative case only.  We are doing it to learn more and practice about giving bad news messages, and to practice the Inductive (Indirect) Method of Organizing a Message.

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| **Directions**   | **Responsibilities**  | **Background:**  | **The Memo**: | **Remember**: |
| Read the case below | 1)  Conduct a meeting to tell employees the bad news.   Also, a)write a memo to your employees to document and confirm your message to them. **(BUT, still use the 4-steps to a bad news message formula.) Even though they heard the oral message from you already in the meeting. [Remember, our purpose in this assignment.]**  | DO NOT INCLUDE LOCAL SAUDI LABOR LAW INTO YOUR THINKING.**All the employees here are Saudi.**    They all speak and understand English very well.  That is one of the reasons you hired them.  | *Do not be concerned about the format of your writing*.  You have not learned about writing letters or memos yet.  What is needed for this assignment is the **CONTENT** of the letter.  All the necessary information should be included to inform your employees and you must FOLLOW the 4 STEPS of the BAD NEWS process of Communicating.     **HOWEVER, remember that you must use HEADINGS & HIGHLIGHTING in this letter.**  | **NOTE:  You will also be responsible for conducting a meeting about this case.  So, remember,** **1) the tone and style of the writing will not be the same as the tone and style of what you say in the meeting.****2) the information communicated from the case in both writing and speaking, though, will be the same.****3) yes, the manager can have a few short notes or an outline to help him in the meeting (but NO READING WORD BY WORD from a paper or directly from the letter !!!).**  |

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**Muscles Manufacturing (M&M)**

**Case**

**Announce bad news to employees**

You are the manager of a fitness equipment manufacturing plant called **Muscles Manufacturing** **(M&M)** located in Riyadh, Saudi Arabia. The plant has been in operation for twelve years, there are 150 employees, with sales at 50 million Saudi Riyals annually. Over the years your employees have been very productive, and sales have been high. Therefore, Muscles Manufacturing has been able to give generous year-end bonuses to each of their employees (5,000 SR) annually for the last five years.

This year, however, because of a slow economy perhaps due to the drop in oil prices globally and or instability in the Middle East, management will not be able to offer the year-end bonus. Although the workers have been very productive, fitness equipment sales are down about 15% from last year. Your projections indicate the economy will take some time to recover which you are projecting sales for the next year to be down by 20%, so management will also have to cut other benefits as well just for the factory to breakeven, because the company does not want to lay off any employee. The company estimates that two million Saudi Riyals will have to be cut from the employees’ benefits to breakeven, and as you know 750,000SR from the employee bonuses has already been decided, therefore 1,250,000 SR remain to be cut.

If the projections are accurate, this is a temporary situation and you should be able to offer the bonus and return the benefits after this period, but you won’t make any promises on the exact date.

Management has to decide which benefits to cut and announce them in their next meeting. Management has to write a bad news message, in the form of a memo:

1. Write a **memo** to your employees letting them know the bad news by using the four step process. Tell them you are not offering the year-end bonus and decide on two or three other benefits that will be cut. Your management team must decide on which benefits to cut from the employees and deliver this decision in a meeting. Add details to make your message complete.

**Other details for the case: Employee Benefits Include:**

Management employees comprises 5% of total employees.

The Factory offers Medical Insurance for all the employees, both singles and married couples. Insurance for singles cost 200SR/month and for married couples 375SR/month with an additional 50SR per child. You have to estimate how many employees are single or married.

The Factory provides a Housing allowance of three monthly salaries per year for employees who are married. Singles are provided accommodation otherwise are given two monthly salaries per year.

Vacation for managers are given 30 days paid every year plus up to four airline tickets for dependents to destination specified on contract. Regular employees are given 30 days paid every year plus one airline ticket to destination.

Transportation allowance is provided for all employees of 500 SR/month.  Management employees receives company vehicle with maintenance expenses paid.

Retirement Benefits include a Retirement plan for employees which is 1000SR/month. Company pays half the amount into the plan while the employee pays the other half. Again estimate how many employees are investing into the plan.

Salaries of employees also have to be estimated for Managers as well as regular employees.