

BMGT 364 Galaxy Toys, Inc. Company Profile

Welcome to Galaxy Toys, Inc.! The assessment projects for this course will examine different facets of the management of Galaxy Toys and students will be exploring various scenarios and providing analysis and recommendations from the perspective of a management consultant. Each project has been carefully designed to provide students with opportunities to demonstrate mastery of various management concepts that students have been developing through various learning activities presented in the classroom (both in the face-to-face discussions and online discussions).

- In Project 1, students will demonstrate their understanding of the broad role of managers within an organization and how various organizational theories (historical and current) affect these roles.
- In Project 2, students are expected to apply course concepts and materials to provide real-world recommendations for managers that relate to the planning process
- In Project 3, students will present their analysis and recommendations that demonstrate their ability to organize, lead, and control employees in ways that ultimately support the organization's vision and strategy for business success.

COMPANY PROFILE

History

Galaxy was founded in 1956 by George Jepson and his wife, Nan after their son Rusty became consumed with the idea of traveling to the moon. Jepson who had worked previously in manufacturing, selling, and advertising of games for a company in Toledo, Ohio, crafted a new spacecraft that delighted his son and his friends. Nan, who had worked in retail toy sales in the local Toledo department store, suggested the idea of producing and selling the toys as a side business. At that time, Nan persuaded her boss, Jack Mercury, to allow her to produce and sell the toys. After approval was given it did not take long before the orders exceeded the Jepson's ability to produce the product. Seeing the success of the product, Mercury approached the Jepson's and proposed a partnership to manufacture the spacecraft and other related toy ideas. Galaxy's fundamental toy-making principles were centered on strong construction, ingenuity, intrinsic playability and action. Early adopted toys were made of heavy steel parts and ponderosa pine, which resisted splintering and held up well to heavy use. The details and charm were added with colorful lithograph labels. Nan Jepson, who had attended art school, was the Art Director and designed push-pull space toys for the opening line of toys for very young children.

In 1956, the founders took 8 of their toys to the American International Toy Fair in New York City, and they quickly became a success. The first Galaxy toy ever sold nationally was "Space-IX." in 1957 (The same toy, in excellent condition, would be worth a

considerable amount of money in today's collectibles market.) In the early 1960s, Galaxy identified plastic as a material that could help the company incorporate longer-lasting decorations and brighter colors into its toys. By the end of the 1960s, Galaxy manufactured 39 toys incorporating plastics. During the 1960s, with America's entering the Space Race the "Space Rocket" product line was introduced and soon overtook popularity of the earlier toys.

The Jepson and Mercury children took over the running of the company in 1970, when George, Nan and Jack retired. The children hold the company shares equally and now occupy both Board and functional positions, making Galaxy Toys the largest privately owned toy company in the USA. The headquarters for the company is still located in Toledo, Ohio with factories in Daytona, Florida, Huntsville, Alabama and White Plains, and Juarez, Mexico.

Company vision:

To create toys that inspire children all over the globe to dream of space exploration and provide a yearning to achieve that dream

Mission:

We create both classic and contemporary space-related toys for all ages. All products will be safe. We are committed to using sustainable processes and materials in making our products. Galaxy's fundamental toy-making principles center on strong and durable construction, ingenuity, intrinsic playability, and action while providing toys that are affordable for all.

Products:

Galaxy Toys has created approximately 2500 different toys since the early 1950s. One of the best-known product lines is the Apollo Space Rocket line that includes launchable rockets of various sizes and NASA vehicles that are replicas of the earlier ones used at Cape Canaveral.

In addition to the Apollo product line, some of the toys and toy brands that have remained popular for many years include the Canaveral building set, Create a Moon Surface Kit, Astronaut Training Center, and the *Curious George in Space* book and character set.

In 2000 Galaxy Toys joined forces with NASA to sponsor the First Annual International Rocket Launch Meet to encourage children's interests in space exploration.

In 2009, Galaxy landed the exclusive right to manufacture and sell all NASA toys sold in the United States and in 2012, this exclusive right extended to all NASA toys manufactured and sold overseas.

Current Business Status

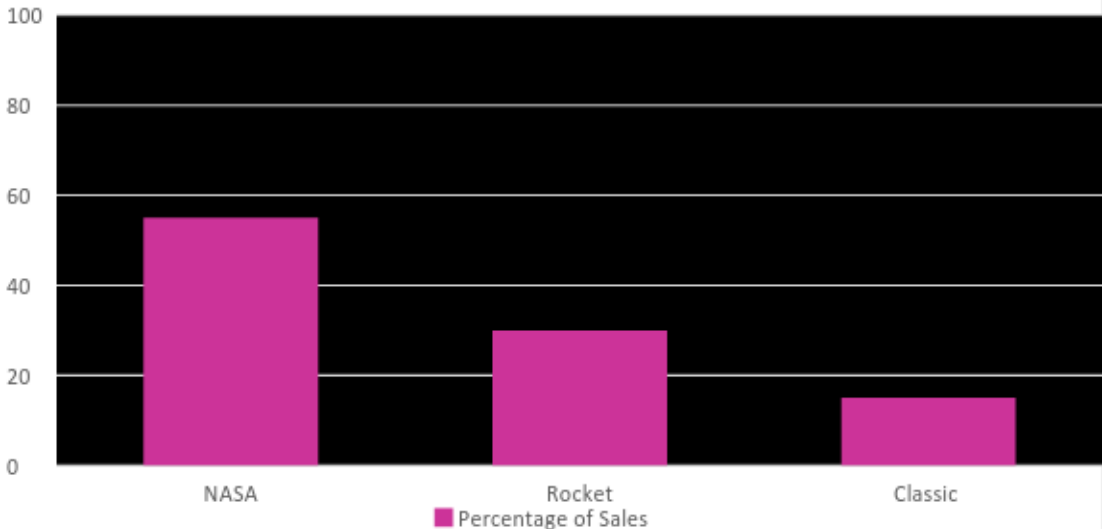
Current Business Philosophy:

In desiring to remain on the cutting edge of space exploration and toy design, the owners of Galaxy Toys have decided that “long term” planning is limited to the span of a two-year timeframe, which will allow for them to remain agile in the current business environment. The needs for innovation and implementation of cutting-edge ideas are the main focus for the next two years. The owners acknowledge that incorporating state-of-the-art technology in both toy design and production is crucial in meeting its two-year goals. The use of 3D printing as a means of production, reducing material and labor costs while shortening production time is the innovative competitive-edge technique. Sustainability is also a concern because current sales are slowing. Technology “action” in the toys must augment the current proprietary toy designs to increase sales and surpass the NASA sales making the company less dependent on that sector for sales. Growth is achieved through innovation. The use of “green-friendly” shipping materials and toy recycling programs are under consideration. Integration of these two ideas, sustainability and innovation, in new product line development is the current business driver.

Since the change, Galaxy Toys treats its employees like family. Employees are valued for their input in the business and measures are taken to assure their success. The result is the current small business clan culture atmosphere. The expansion of the business to Mexico and the possibility for more global expansion has caused the company to adapt a new hybrid flat functional structure. This change has pushed the clan culture to a mixture with a collaborative culture. This new structure and culture is bringing the company's decision making closer to those who have to implement the decisions, thus empowering more workers and motivating others.

Galaxy Toys, Inc. 2015 Sales Figures:

Sales by Design Divisions
(overall sales in 2015 = \$1.125 billion)



- Gross Toy Sales Per Branch:
 - Toledo- \$400 million
 - Daytona- \$225 million
 - Huntsville- \$200 million
 - White Plains- \$175 million
 - Juarez- \$125 million
- Anticipated Sales for 2016 are estimated at 15% over 2015 sales due to a new product line roll out.

Organizational Structure

