Store Closing?

For this discussion, consider the following scenario:

The privately owned Baker Company was founded in 1960. The company manufactures kitchen cabinets and has been very successful, expanding from one facility to twelve facilities in the same and other states. All facilities but the original are located near interstate highways. The original facility, which is no longer the headquarters, is in a downtown area of a major city (which grew up around it) with relatively high real-estate taxes. It has had a negative contribution margin and a net loss for the last five years. The founder is retired and three of his children want to close the facility. The fourth does not, because it "was Dad's first place and I went there every day after school." She believes they can bring the facility back to profitability if the city's downtown revitalization project succeeds and they dedicate the first floor of the facility to retail.

Post 2–3 paragraphs about whether the original facility should be closed. Consider as part of your post:

* Your definition for "negative contribution margin."
* Whether the fact that the facility is not near an interstate makes a difference in the decision.
* Would it make a difference if the company were publicly traded?
* Might there be additional costs, in addition to revenues, to convert the first floor of the facility to retail?
* What risks may be associated with leasing to retail stores?
* What is your recommendation? Close and sell the facility or modify the first floor to be able to lease to retail stores.