

Custom moulds case study



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What are the major issues facing Tom and Mason Miller?

Tom and Mason seem to be having two major issues that must be addressed. The first being unsatisfied customers. The company reports that there has been an alarming increase in customer complaints regarding the delivery time as well as the quality of the parts that had been delivered. Tom and Mason are not only losing out of profits due to products being returned, but they are very close to losing a client base that had been successfully established over the past 20 years. As products are delivered late, and the quality begins to diminish, the reputation of the company becomes tarnished which will result in many current clients as well as any future clients to seek their parts elsewhere.

The second major issue is a severe lack of efficiency in the plant. There have been issues with assembly, packaging, the delivery, and the overall manufacturing of the products. The environment of the industry is noted to be changing and as such the company must adapt. Unfortunately Tom and Mason seem to be behind the ball when it comes to adapting their specific process of handling orders. As the number of overall sales and large orders increased, the factory began attempting to allocate labor due to a severe bottleneck effect in the plant. However this bottleneck resulted in employees unable to work on producing the part assigned to them because the next station cannot handle the workload. This results in employee frustration, increase delivery time, and if the employees attempt to work faster, a decrease in quality.

What are the competitive priorities for Custom Molds processes and the changing nature of the industry?

As the environment changes, many customers are looking for a high quality part that is delivered on time at a reasonable cost, therefore it is essential that Custom Molds focus on being cost effective, increasing product quality, and having efficient delivery timeframes. By focusing on these three competitive priorities, Custom Molds has a chance to pull away from the pack and reestablish the reputation that is in jeopardy.

Cost effectiveness is what I would consider a common sense decision. If there are competitors that offer the same products at the same quality, then your next step is to beat them in the cost realm. Custom Molds should look at their bottom line and overhead costs to determine what the lowest margin they can accept is and then then adjust costs to adequately compete with other companies.

As the case study shows that product quality is lacking, it is necessary for Custom Molds to address this issues immediately. To customers, it does not matter if you have the lowest cost if the product does not hold up. This will result in customers to believe in the saying “ you get what you pay for.” Which will result in customers associating Custom Molds with inferior products.

The third priority is on-time delivery. The case study states that orders are taken 2-3 weeks longer than agreed upon and as a result customers are becoming very unsatisfied. If Custom Molds cannot deliver on an agreed upon completion timeframe, customers will find another company that can.

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The fact that the number of custom orders is decreasing and that there is an increase in order sizes around 5, 000 means that the company should be able to produce the product quicker and therefore deliver it ahead of schedule.

What alternatives should the Miller's pursue? What key factors should they consider as they evaluate these alternatives?

The simplest alternative the Millers could pursue is to go back to producing only molds rather than individual parts. The company built its reputation on this and had a great deal of success. If the company can financially make it producing only molds, they may want to consider it in an attempt to hold on to the customers they have rather than losing them as a result of inferior parts and poor delivery times.

However if this is not an option, then Custom Molds needs to look into each step of the production process and determine what can be optimized. This can be done by either hiring a consultant or simply observing the process themselves. The company needs to look into and analyze three key factors; how much time is being spent at each station, the impact of larger orders on the production time as a whole, and what changes need to be made at each step to accommodate these larger orders. It is crucial that the company identify and correct the cause(s) of the continued bottleneck situation. Until they do so, production and quality will continue to suffer.

References

Krajewski, L. J., Ritzman, L. P., Malhotra, M. K. (2016). Operations Management: Processes and Supply Chains (11th ed.). Pearson Education, Inc.