

Draper engineering

[Business](#)



Introduction In the present day business environment that is extremely complex and dynamic, organizations are constantly under pressure to maintain their competitiveness and profitability. According to Bowman & Constance (2001), the level of failure or success is determined by the quality of strategic management and strategic thinking adopted by the business. In this regard, businesses must have an in-depth understanding of its current position and the prospective opportunities that it can exploit in order to achieve its objectives. Collis & Rkstad (2008) point out that the purpose of a strategy is to provide a roadmap on how the firm should utilize its resources with regard to the factors in its external and internal environment in order to achieve its long-term objectives. The stability and complexity of the environment also determines the effectiveness of the strategy adopted by the organization.

A stable environment increases the likelihood that the strategy will work, which is contrary to the case of firms operating in complex and dynamic environments (De Wit & Meyer 2010). Therefore, firms operating in dynamic environments have to constantly revise their strategic approaches in order to remain competitive and profitable. In addition, such firms have to constantly monitor the changes taking place in their environment in order to develop strategies that are effective. The objectives of this paper are threefold: to undertake a SWOT analysis on Draper Engineering using the provided case study and explain how the Draper can improve the issues highlighted in the strategic analysis; analyze how Draper Engineering can re-organize its maintenance department in order to improve efficiency; and discuss how

Draper Engineering should deal with Bend IT and Bang IT in order to improve the performance of the contractor. 1.

SWOT Analysis of Draper Engineering According to Reeves & Deimler (2011), strategic analysis involves the business undertaking a research on the environment that it operates with the goal of formulating a strategy. From this definition, it is evident that strategic analysis is an integral phase of the strategic planning process. The outcome of strategic analysis is that the firm will have an informed understanding of its environment and how it interacts with the environment. This information plays an instrumental role in helping the firm to improve its efficiency and effectiveness through increasing the firm's capacity to make use of its resources, capabilities and competencies intelligently. Through strategic analysis, firms can anticipate what is likely to occur, perform an evaluation of how it is likely to occur, and make preparations for its occurrence. According to Eigenhuis & Van Dijk (2007), performing a strategic analysis helps a firm to establish goals and objectives that are relevant and clear and improve the quality of their strategic decisions.

Specifically, external analysis evaluates the factors in the external environment in order to assess their implications in future whereas an internal analysis assess internal variables in order to determine the weaknesses and strengths of the businesses and their likely influences on the competitiveness of the firm. One of the vital tools deployed in strategic analysis is a SWOT analysis, which evaluates the strengths, weaknesses, opportunities and threats. De Wit & Meyer (2010) asserts that a SWOT analysis is an important tool that can help the organization in strategic

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decision-making in any situation. Performing a SWOT analysis requires one to specify the objective of the firm followed by identification of the outside and inside variables that are unfavourable and favourable towards the achievement of the business objective. The strengths refer to the attributes of the firm that result in the firm having a competitive advantage over rival firms such as the things that the firm does better than its rival firms, its unique selling points, and the firm's competitive edge (Reeves & Deimler 2011).

Weaknesses refer to the factors that put the firm at a disadvantage when compared to its competitors such as the things that other firms are more effective at, firm-level attributes that add no value, and aspects that customers and rivals perceives as the weakness of the business.

Opportunities refers factors that the firm could exploit to its advantage such as the socio-cultural, technological, economic and political changes that are likely to be favourable to the firm, unfulfilled demand, market gaps, and new innovations among others. Threats refer to factors in the environment that are likely to be unfavourable to the firm such as restraints and competitors strategies that are likely to have a negative effect on the profitability and competitiveness of the business (Collis & Rkstad 2008). The following

subsections are provide a SWOT analysis for Draper Engineering Strengths
The firm has a loyal workforce; The company uses modern manufacturing technology, which is not widely used today; Reputable customers (four of the major European carmakers and two large American truck manufacturers);
Low staff turnover in the management and staff technical grades.

Weaknesses High staff turnover in the last five years in production area;

Incentives that have been adopted to reduce high staff turnover have failed; Recent notable departures in management and staff technical grades following a recent appointment of the new operations manager; Poor performance of Hardy's logistics operations characterized by late deliveries and damaged stock being delivered to customers; Problems following the outsourcing of site services to Bang IT and Bend IT such as finishing jobs six months later, which has resulted in substantial impacts on production; Friction between staff members arising from the differing skills levels among the shift electricians and shift engineers; Lack of coordination and planning in the project and developmental engineering work; Lack of planned maintenance result in several maintenances being completed late.

Opportunities The manufacturing technology used by Draper is not used widely today, which provides a competitive edge for Draper Engineering.

Threats There are no threats identified basing on the information provided in the case study.

How Draper Can Improve Five of the Issues Identified From the SWOT Analysis The issues identified in the SWOT analysis can be broadly classified into personnel issues, logistical problems following the outsourcing of logistical operations to Hardy logistics, inefficiencies in organizational processes, problems associated with outsourcing of site services to Bang IT and Bend IT, and problems arising from organizational structure and bureaucracy. All these issues are vital for the success of Draper and need to be addressed effectively in order to enhance the competitiveness of the firm against its rival firms.

Improvements in Logistical Operations It is no doubt that the current state of in house logistical operations in Draper Engineering are in disarray, especially after outsourcing its logistical operations to a third

party firm, Hardy Logistics Ltd; this has resulted in a number of problems including late deliveries to customers and a substantial amount of damaged deliveries. It is important to note that logistics is an important business division, and plays an integral role in shaping the business reputation of Draper Engineering.

For instance, late and damaged deliveries are likely to result in customer dissatisfaction, which have far-reaching impacts on profitability and its competitiveness. Despite the fact that outsourcing in-house logistics operations is a cost cutting move for Draper and allows the firm to focus on core competencies, such a move is not warranted if it has a negative impact on the firm's bottom line. Potential solutions to improve in-house logistical problems in Draper Engineering are three-fold: create an in-house logistics unit, search for a more effective third party than Hardy Logistics Ltd, or renegotiate the contract with Hardy Logistics by setting up minimum service level requirements of timely and non-damaged deliveries to customers. In this particular case, logistical problems are likely to give competitors an upper hand. Therefore, it is recommended that Draper Engineering make logistics a part of its core operations.

In this regard, a hybrid model for logistics is proposed wherein important deliveries are made by the in-house logistics team whereas less important deliveries can be outsourced to third party firms under well-stated service level agreements that should not be breached (Guarjardo et al. 2012).

Improvements in Inefficiencies in Organizational Processes Inefficiencies in organizational processes in Draper Engineering Ltd include lack of coordination and planning in works related to project and developmental

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engineering; for instance, new equipment can be procured without people knowing its purpose. Another problem arising from inefficiencies in organizational processes is lack of planned maintenance resulting in maintenance being completed late (Bowman & Constance 2001).

Improvements to these problems can be realized through establishing a framework through which plans can be made systematically, coordinating the activities required to execute the plans and monitoring the outcomes of the plans using feedback.

Planning can be implemented at the functional unit/departmental level whereas coordination can be ensured at the organizational level. Perhaps, the most ideal organizational structure to address the planning and coordination problems in Draper Engineering is a matrix organizational structure, where completing a project requires different functional units to collaborate. A matrix organizational structure will eliminate the inefficiencies in the execution of organizational processes and ensure that there is resource coordination and efficient exchange of information within the firm (Collis & Rkstad 2008). Improvements in Site Operations Currently, the site services in Draper Engineering are in a state of disarray characterized by jobs being completed six months after schedule. This imposes significant impact on the production process. It is no doubt that site services are part of the core operation for the engineering department; which implies that Draper Engineering should devise effective solutions to reduce the problems in site services translating to production problems.

The potential solutions to improve the efficiency of site services are two-fold: establish an in-house team to be in charge of site services, or revise the <https://assignbuster.com/draper-engineering/>

contract with Bang IT and Bend IT with the aim of improving the performance of this contractor. Site services are not a core area for Draper Engineering, which implies that the effective solution would be to devise measures to ensure that Bang IT and Bend IT improve its performance so that the bottom line of Draper Engineering is not affected by its lacklustre performance (Globerman & Vining 2004). Reducing Personnel Issues at Draper Despite having a loyal workforce, Draper Engineering has a number of personnel issues such as staff turnover in the production area, departures in management and staff technical grades following a recent appointment of the new operations manager, and friction between staff members arising from the differing skills levels among the shift electricians and shift engineers among others (Eigenhuis & Van Dijk 2007). There are a number of alternative solution that Draper can use to address the personnel issues, they include: employee training and development and incentives to retain staff and reduce turnover. Employee training and development will play an integral role in reducing the skills gap between shift electricians and shift engineers, which is the primary cause of friction among the shift maintenance personnel.

In addition, employee training and development is an effective strategic approach to retain employees. There are several effective incentives that Draper Engineering can use to retain its employees. Examples include the use of team building initiatives, annual rewards for lack of absenteeism, flexible working time and yearly pay raises. Research by Eigenhuis & Van Dijk (2007) affirmed these methods to be effective in not only employee retention, but also attracting new talent, which will enhance innovation in

the firm. 2. How Draper's Could Re-Organise The Maintenance Department To Improve Efficiency In the current business environment, organizations are constantly trying to improve their efficiency by integrating lean operations and using minimum human resources in order to maximize on their profitability.

According to Eigenhuis & Van Dijk (2007), human resources are one of the largest expenditures in a firm's budget; therefore, there is the need for firms to use an organizational structure that seeks to optimize efficiency. In the case study of Draper Engineering, the inefficiencies in the maintenance department stem from its structure, which poses the need to revise the structure of the department. According to Eigenhuis & Van Dijk (2007), operational efficiency focuses mainly on ensuring that the firm maximizes on its resource capabilities, identification of wasteful processes that reduce the profitability of the firm, and developing new work procedures aimed at improving productivity and quality. There is a direct correlation between the organizational or departmental structure and efficiency. Other factors that are likely to influence efficiency are employee morale and organizational culture. For instance, companies that have inflexible and bureaucratic structures tend to be inefficient; perhaps, this is the case at maintenance department in Draper Engineering Ltd.

Eigenhuis & Van Dijk (2007) assert that efforts to improve efficiency should be system-wide and should entail implementing an organizational structure that is flexible and allows free-flow of information. Increasing efficiency of the maintenance department requires Draper to restructure its maintenance department in order to create a flexible and less hierarchical functional unit.

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Currently, the chain of command in the maintenance department starts from shift maintenance personnel reporting to the shift manager (note that they skip the immediate line manager, who is the Engineering Maintenance Manager). The shift manager then reports to the production manager. In restructuring the shift maintenance unit, Draper should consider grouping shift maintenance personnel with each group having its own immediate line manager.

The line managers of these groups should then report to the production manager as shown in the figure below. It is also imperative that the shift maintenance personnel be grouped according to their skills level; this will play an instrumental role in eliminating potential cases of conflicts among the shift maintenance personnel. Apart from changes in the structure of the maintenance department, there is the need to address other factors that influence efficiency such as procedures and processes, adopting initiatives to enhance team cohesiveness, and implementing decentralized decision-making mechanisms. With regard to procedures and processes, it is recommended that each shift comprises of individuals with the same skills set and be managed by one immediate line manager. This will eliminate the need for several shift maintenance personnel to report to one line manager.

In addition, the line manager should be present during the shift and should not just delegate work and wait for reports from personnel. Decentralized decision-making is also one of the important changes in the maintenance department in order to enhance its efficiency. This approach to decision-making will eliminate potential delays associated with the top-down approach to decision-making. In this regard, maintenance personnel will be

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empowered to make their own decisions, where appropriate, without the need to consult their managers. The same will apply to lower level managers (De Wit & Meyer 2010).

3. How Draper's Should Deal With Bang IT And Bend IT In Order To Improve The Performance Of This Contractor It is a fact that performance of a third party contractor has a direct impact on the bottom line of a firm. This is the case with Draper Engineering, wherein the performance of Bang IT and Bend IT is having a detrimental impact on overall performance of Draper. In this regard, there is the need to devise a solution to ensure that the contracting plan does not affect the performance of Draper negatively. In this regard, this paper recommends the use of Performance-Based Contracting by Draper. According to Globberman & Vining (2004), performance-based contracting (PBC) provides clients, which in this case is Draper Engineering, with a framework for defining the performance requirements to be fulfilled by the service providers, which in this case, the Bang IT, and Bend IT company.

In addition, PBC transfers risks to providers and guarantees performance excellence when compared to traditional contracting methods. It is apparent that PBC is more effective with regard to incentivizing performance and accountability when compared to traditional contracts, which place emphasis on contractor responsibilities and outputs instead of placing emphasis on outputs and outcomes (Guarjardo et al. 2012). Therefore, entering into a PBC arrangement with Bang IT and Bend IT will help Draper ensure that the contractor produces results in accordance with the agreed performance outcomes stipulated in the service level agreements. It is also important to <https://assignbuster.com/draper-engineering/>

note that PBC should outline the remedies to address non-performance such as reducing price when the contractor fails to meet the contract requirements. Alternatively, the Draper Engineering could opt to give Bang IT and Bend IT a chance to rectify the nonconforming services without increasing the contract fee.

Whereas reducing the fee can be appropriate at times, it is essential to note that it can be more practical to make sure the contractor redo the service without extra costs (Kim, Cohen & Nettessine 2007).