

Platinum box case report

[Business](#)



Executive Summary Memorandum From: Jared John Hicza Procurement

Manager To: Jim Hicza Re: Selection of Supplier for Presses My

recommendation is to go in for a single source and choose the supplier that we have confidently have had a relationship with, without a problem, for over a decade now. Major of Action plan: •Choose JabaKing as the supplier of choice. •Get an investment loan from Labour Central Credit Union @ 5. 25% for next 10 years. •Visit an operational facility using JabaKing’s presses.

•Procure presses from JabaKing with appropriate people assigned duties and with proper checks in place. Commission the presses with assistance from Jabaking. •Evaluate maintenance for the first three warranty years and then budget accordingly for the next seven years. Jim Hicza Procurement Manager

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ImplementationPage 7 Monitor & ControlPage 9 Appendix 1 Appendix 2 List of Issues with Impact Analysis Platinum is on the verge of major expansion.

At this stage, the main issue facing the company is whether to single source the press or utilize multiple sources for the press. Platinum has had a long-standing relationship with JabaKing, where the latter had helped the company out over a decade when no other supplier was ready to do business with the company.

JabaKing had made it evident at that point in time that it was a favor that was expected to be returned. Currently, due to the expansion and growth prospect, Platinum needs to decide which supplier / suppliers it will utilize to make a purchase of 5 additional presses for its operations in Winnipeg. It is

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very important that the company take a decision with immense due diligence, as the procurement / purchase entails long-term implications of up to over a decade. These implications are financial, labor, asset and customer related. As the company is expanding and growing to double its sales in three years, it is imperative that the company invest in equipment that is reliable, is procured at a reasonable rate of interest and is bought from a supplier that will be an asset rather than an impediment in this targeted growth. Environmental and Root Cause Analysis One time tested partner, JabaKing – This company is known to be our long standing supplier.

As we were embarking on a new mission in 1992, we had little choice but to have JabaKing as our supplier. Even though JabaKing helped us when we started out, the quality of their presses was never really considered to be the best, even though it was good. Besides, JabaKing is heavily unionized. In addition, the union of Amalgamated Association of Printers and Related Equipment Supplier, AAPRES, has plans to unionize all print shops in the coming two years. This can have a negative impact on our business, which is currently running as a non-union shop. It is, however, worth considering that we already have five presses from JabaKing and our workers and maintenance staff have a high level of familiarity with the equipment, which has been running strong for over a decade.

Worthy of consideration is also the close proximity of this supplier to our plant. One factor that makes JabaKing stand apart from others is that it is a company that is over a century old, which means that the company is fairly stable. The high performer company from the orient, Merakuri – The Merakuri Luxo 10000, out of all three prospective presses, has the highest run rate per <https://assignbuster.com/platinum-box-case-report/>

hour of 10, 000 sheets. In addition, the press can handle up to 150cm stock, which gives our company some flexibility in terms of product portfolio. So far, Platinum has used presses that can handle 125cm only. Merakuri is located in South Korea.

This means that apart from getting the presses from South Korea to the port at Vancouver, there is going to be additional cost of transporting the presses from Vancouver to Winnipeg. That apart, even though the presses will be covered under a three year warranty, in case there is damage to even one piece of equipment during transportation, it will mean that our growth and expansion project will have to suffer a major setback and we will have to face major delays. Some positives for this supplier are that it will help us in commissioning and in case of any major breakdown, Merakuri promises us next day service, as the company has a distributor located in Regina. This in itself increases our confidence, as we know that Merakuri is a big enough fish to have its distributor in Canada. The rookie, Pnutype – A total novice in the market, this company utilizes state of art technology. The technology is so good that it produces excellent results.

If Pnutype presses are acquired, it will give our company an edge over our competitors. There are a few drawbacks to Pnutype and its presses. This company has been making presses for only two and a half years. Among all of the prospective suppliers for the new presses, Pnutype has no proximal presence. Its closest presence is in the United States. Considering our top management being high level of cost consciousness, Pnutype presses are, by far, the most expensive option.

It, however, has the reputation of its presses requiring zero maintenance. One company that uses Pnutype presses provided this feedback. See Appendix 1 for the weighted evaluation matrix. Alternatives and / or Options

1. Continue to use JabaKing – Platinum could sign-up with JabaKing to buy 5 presses. Pros Platinum has been using presses provided by JabaKing for over a decade.

So, there is a lot of confidence as far as the working and familiarity with the presses and its supplier is concerned. By looking at Exhibit I, it is absolutely clear that JabaKing's presses are the most cost effective option over the course of the next decade. Cons If Platinum decides to go in with JabaKing, it loses the opportunity to have worked on presses from a better supplier, who could possibly have provided more efficient option.

2. Sign the deal with Pnutype Pros Pnutype uses state of art technology.

The technology produces best-in-class results and is environmentally friendly. Cons It is very easy to see that Pnutype have zero maintenance costs due to lack of data. It has been producing the presses for just over two years and has very little market presence. It would be a huge risk for Platinum to sign up with a company that is testing the waters yet. . Buy presses from JabaKing and Merakuri – Platinum could buy a combination of presses from JabaKing and Merakuri.

Pros Platinum would get a chance to explore an additional supplier. This would possibly help the company in future growth and expansion plans, possibly into the Asian market. Cons Having two different kinds of presses on site would mean that Platinum would have an increased complexity to its

business. This may not be a good thing for the planned expansion. It would entail having its production and maintenance personnel trained on two different kinds of equipment.

Recommendation I would recommend that Platinum buy the five presses from JabaKing, while having the purchase financed for Labour Credit Central Union @ 5.25% over a period of next ten years. Please observe Appendix 2 for the total cost evaluation. Implementation ActionTime-lineResponsibleAccountableConsultedInformed Visit facilities where the Jabaking presses are operational. Next one monthJabaKing's Conrad ThompsonJared John HiczaFernando Malidragajim Hicza Preparation of Total Cost2 weeksJared John HiczaConell Smitherson /Judy Deminiski / Arlan Hushamanskijared John Hicza / Fernando Malidragajim Hicza Application of Investment LoanIn one monthJared John HiczaJudy Deminiskijared John HiczaFernando Malidraga Providing purchase orders to JabaKingIn two months and / or after loan approvalJared John HiczaJudy DeminiskiConell SmithersonJim Hicza / Fernando Malidraga and Pilar Lawson JabaKing to install pressesIn three monthsJabaKingPilar LawsonFernando Malidragajared John Hicza and Jim Hicza Jaba King to carry out maintenanceOver the 3 years after purchaseJabaKingJabaKingPilar LawsonJared John Hicza and Fernando MalidragaMonitor and Control Platinum should have a fixed budget for the five new presses for the next ten years based on figures provided in Exhibit I.

Platinum should have pre-implementation meetings with JabaKing engineers and top management to begin with and then with the engineers from JabaKing and a cross-functional team from Platinum. Our company's CFT should include members from procurement, finance, production,

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maintenance and sales. Before the end of the three-year warranty period, Platinum should consider going in for either of the following contingency plans for the future up-keep and maintenance of the equipment:

- Go in for an extended warranty period with JabaKing at a well negotiated and mutually agreed upon price. Have this budgeted for over the next seven years.
- Have its maintenance personnel trained for future maintenance of the presses.

Ensure to have the training budgeted for.

- Sign a service agreement with JabaKing for the maintenance of the equipment, beyond the first three year maintenance period.