

Riordan manufacturing and china

[Business](#), [Industries](#)



The benefits of globalization have informed management teams to reengineer business practices to take advantage of economies of scale and expanded markets. Riordan manufacturing has opened up plants in foreign markets to position itself strategically with a view to increasing production levels and overall sales. This strategy has succeeded and the China plant is faced with new challenges of meeting increased consumer demand for electric fans. Reducing overhead costs while increasing production outputs, calls for the implementation of innovative business processes that achieve the plant's goals without compromising on quality.

Riordan Manufacturing has a plant located in China. The company's China plant manages the distribution for Riordan Manufacturing and organizes the company's global forecast of electric fan sales, including sales in the United States. The China plant needs to put in practice a new production process of these fans in order to meet the forecasted sales. Riordan Manufacturing's China plant operates as a decentralized unit of Riordan Manufacturing. This plant manufactures and forecast the sales fans which are manufactured in China and are sold throughout the whole world including the U.

S. Riordan has a timeline to meet. In order to meet all of the forecasted sales which are predicted, the forecast is to be given to all local companies. The electric motors which are used in the fans are completely assembled in the factory. Riordan is required to keep enough in stock at all times. Stock must be maintained by the company. This is due to insufficient on time delivery. The average on time delivery is only about 93%. Riordan needs to have another company produce motors in order to meet the forecast.

Riordan could also divide the manufacturer of the fans among two companies in order to meet forecasted production rate. Riordan doing this will enhance the company's delivery forecast. Riordan can also forecast the supplies needed which may possibly require maintenance in the stock levels needed. The inventory costs will decrease by maintaining a lower supply of plastic polymer. The polymer is melted and is used for plastic parts required for each fan. The plastic polymer is available in almost every local market which could possibly help lowering costs even further.

Only 93% of the motors required are supplied by the local manufacturer. This is the logical method to follow. With the improvement of this process Riordan will be able to meet its forecasted sales and better schedule its production of fans. Analyzing a process can be useful in improving quality for many reasons. By analyzing processes Riordan Manufacturing will be able to identify the strengths and weaknesses related to those processes. Another reason why it is important to analyze processes is because this analysis performance can be improved.

This can lead to better quality and function within departments in an organization. Assessing processes is also a good way of measuring the effectiveness and efficiency of a process. For example, if Riordan Manufacturing's Human Resource Department needs to communicate an important message to all employees, instead of gathering all employees for a meeting where there is also a possibility of not all employees being able to attend the meeting, HR can just send that memo by e-mail to all of them. This shows that Riordan's HR department is being efficient.

Through good training and employee awareness of the importance of checking their e-mail on a daily basis, this will make the process effective because then employees will get the memo. Furthermore, analyzing processes is a good way of getting feedback and be able to continuously improve processes and quality. Riordan needs to have the entire forecast for all required motors in order to be transmitting to the Chinese company and Riordan needs to have the correct deliveries which can be obtained from the Chinese company.

Riordan should also have the manufacturing requirements for the motors as well as all of the information on each delivery received from the Chinese company. Riordan should be able to show the predictions on demands for the whole year as well as an improvement on all deliveries, provided two Chinese companies are to be put into practice as suppliers. Riordan can present the forecast by making charts showing the actual forecast on demand for the whole year and the improved manufacturing prediction of all motors which are stocked. There are three areas of improvement that Riordan could take advantage of.

The first is to improve the 93% on time delivery of its suppliers. Improving the delivery time will allow the company to reduce safety stock and provide better delivery times to customers. The second is to improve the forecasting method. Using historical data gives a manageable forecast but reducing the variability to this number will give a number that is more accurate. This will reduce costs and finished goods inventory. Third, Riordan holds a safety stock of polymer. Reducing the carrying cost of this polymer and working

with the supply chain to get better delivery from the local suppliers will reduce on hand inventory.

Improving on time delivery from suppliers is needed to save inventory costs. Data such as days past due from suppliers, inventory levels, and accuracy of forecasts is needed to make an accurate assessment of supplier performance. With this data, conversations with suppliers regarding improvements can be started. Measuring these metrics on a weekly basis would allow Riordan to follow progress made with OTD. The second improvement could be made with the method of calculating a manageable forecast.

Using a historical view of sales is one method of forecasting but a proactive approach is needed. Gathering forecasting data from the customer on these customer specific products will allow for an accurate inventory level.

Producing only what the customer will commit to will save on finished goods inventory. A safety stock can be calculated based on the accuracy of this customer forecast. Understanding the future trend in sales will help cost reduction. Finally, the third improvement will require inventory data, lead time from the local suppliers, and cost of the polymers.

This data will allow Riordan to work with suppliers to provide just in time delivery of these materials. Getting on the same page as the local suppliers will provide cost savings. Gathering this data and tracking these metrics will allow the supply chain associates to perform against these continuous improvement initiatives. Before Riordan can improve any part of the company's process Riordan needs to be able to understand where the areas

of improvement is needed. Riordan needs to complete all problems. Once Riordan is able to complete these problems the company needs to collect all data.

By the company collecting the data, it will help to be able to forecast all manufacturing required for the whole year. Riordan should then be able to set goals. In this case, the company's goals should be to have enough parts delivered or transmitted and in the right amount of time. If any part of the company's process should fail, then Riordan needs to find where the gaps are in the process and repair them. The new systems that team B has put in place for Riordan's China plant will allow Riordan to forecast more accurately based on manufacturing parts and the amount sold within a year.

Riordan setting goals to fill in any rough areas will help the company to bring in new business, more profits, which will all lead the company to a larger market share and generated higher revenue (Riordan Manufacturing Virtual Organization). In conclusion, adopting cost effective inventory systems will enable the China plant to save on storage charges and reduce the need to hold excess stocks. Careful analysis of available sales data will provide the management with a realistic estimate of projected business. This information shall assist in planning output levels and ensure accurate forecasts are made by the sales and production teams.

Lower costs of production will contribute to cheaper products which will eventually translate into higher sales. Effective communication between the plant and the supply chain stakeholders improves performance outcomes as supplies are delivered in a timely manner. Consumer feedback and reports

on sales figures will inform the management staff of the measures necessary to satisfy demand. Excess inventory will be a thing of the past as strategic reserves replace stocks held on a speculative basis. These developments will reduce overhead costs and position the plant strategically in terms of cost efficiency and price competitiveness.