

Structure and systems

[Business](#), [Manufacturing](#)



At present, a bird's eye view of the organization leads one to the conclusion that the organization is positioned as a product based organization. In the words of Mr Dirk Aspeslagh, " We know where we want to be, but we are not sure how. " In order to reach the pinnacle, the current positioning could prove to be a handicap in the years ahead due to stiff competition in the market. Hence, a change in the positioning from a product supplier to an end-to-end solution provider is inevitable. The trajectory for this movement needs to be derived from a change in the organizational strategy along with a consequent change in the structure and systems.

The organization at this point of time does not have a dedicated HR department and there is no formal performance management system in place. Through this analysis, an attempt has been made to redefine the strategy and align the structure and systems to resonate with the new strategy. Also, performance management system for the workers of Hi-Tech Ltd. is prepared keeping in mind the critical success factors and the new organization strategy. An overview of the organization Hi-Tech Chemicals Ltd. was started by Mr. Agarwal as a chemical manufacturing company. After having gained considerable experience in chemical manufacturing, Mr.

Agarwal spotted an opportunity in the refractories industry. Hi-Tech started manufacturing refractories with the available technology and leapfrogged to become an established player in refractories industry in early 1990s.

Thereafter, it stopped manufacturing chemicals and focused on its growing business of refractories. Today, they specialise in all kinds of refractory lining that can withstand very high temperatures. The Head office of Hi-Tech is in Kolkata and there are various site administrative offices in different locations

including Jamshedpur. They currently have one factory at the Gamharia area in Jamshedpur.

The management is contemplating on building one more production line in the adjoining area. A look at the supply chain of a refractory manufacturing company like Hi-Tech highlights that the end product consumer would typically be an organization in infrastructure development, car manufacturer etc. A company like Hi-Tech should not have a myopic view of its business by looking only at the requirements of its client i. e. the steel manufacturers. It should broaden its perspective by understanding the needs of the end consumer. Figure 1: Value Chain¹ Introduction to Refractories

A refractory material is one that retains its strength at high temperatures. ASTM C71 defines refractories as " non-metallic materials having those chemical and physical properties that made them applicable for structures or as components of systems that are exposed to environments above 1, 000 i?? F (811 K; 538 i?? C)".² Refractories are materials that provide linings for high-temperature furnaces, kilns, incinerators, reactors and other processing units. Refractories must be able to withstand physical wear, high temperatures (above 538i?? C [1000i?? F]), and corrosion by chemical agents. Refractories Industry Overview

Fifteen years ago, Hi-Tech Ltd entered the niche segment of low tech ceramics when there were very few competitors. There were majorly 4-5 players including IFGL, Vesuvius, OCL and ROL then. As of today, Vesuvius holds 60% market share in India for overall ceramics market. Vesuvius and IFGL combined account for 80-90% of the market share. High-tech's market

share is about 10%. For certain specialised ceramic tubes, OCL and ROL hold majority share. Big players typically have 30-40% returns on each order. They provide complete setup for ceramics of steel making. Smaller players act as source for specific ceramic products.

In Steel industry, focus is shifting towards India and China. Steel Industry in China is very volatile. It is booming, but experts are not sure as to where it is heading. In China, CO2 emissions norms are not followed. Their focus is just on making fastest possible moves. India, it is believed, will have a steel boom in the near future. In 2012, India would be manufacturing steel at an increasing rate, and by 2015, the figure would triple. ³ It is expected that there would be large increase in number of players in ceramic markets. In its product segment, Hi-Tech is also faced with stiff competition from many Chinese manufacturers.

In order to grow and take advantage of the opportunity, Hi Tech has to invest in new technology, business development and include difficult-to-make ceramics in its portfolio to carve a niche for itself. Steel manufacturers typically don't rely on a single supplier for ceramics. Even if they give full contracts to a complete service provider, they keep some other suppliers as backup. These backup suppliers are engaged to provide 5-10% of the supplies. Indigenous suppliers have an advantage in Indian ceramic industry. Foreign suppliers of ceramic have to pay import duty as high as 25-35%. ⁴ Hence, Indian suppliers have a competitive advantage.