

# Albatross anchors essay sample

[Business](#), [Management](#)



Albatross Anchors is a small family owned business that began in 1976. The company has grown exponentially over the years with more than one hundred and thirty employees. As the company grew, their operational issues in the production and administrative area grew as well. The organization has been faced with a lack of updated technology, out dated equipment, an inefficient layout which violates the U. S. safety and environmental standards, and a disorganized administration office. Therefore, production is not running smoothly, especially since in 1989 the company's owner decided to expand the product line to include fabricated sang hook anchors along with manufacturing the original product line (bell/mushroom anchor). The company only sells on a wholesale level. There are many areas that the owner must plan and consider to improve in order to be successful and sustain its competitive advantage in the market place.

Challenge one: Material Purchasing:

Albatross Anchor has small storage that are located away from the production area requiring smaller amounts of material to be order due to lack of storage. Increasing storage will allow for larger amount of raw materials to be kept on hand and reduce the cost associated with order multiple smaller batches of raw materials.

Challenge two: Inventory/Shipping:

Shipping and receiving are sharing facilities due to one railroad spur being available. The company is having problems producing enough products for the customers. This lack of production cause large quantities of finished materials to be stored until the order is completed for shipment. Moving the offices and expanding the operational areas will allow more products to be

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produced minimizing the amount of storage needed for storage of the produced product. The company needs to have a designated area for shipping and receiving instead of a combined area.

Challenge three: Finances:

Albatross Anchors will need to have a plan in place to ensure that all the proposed changes do not cause them to overspend. A budget will need to be put into place that shows a breakdown by the month to show what spending is proposed and then the actual amount spent for the month. They will need a budget that shows what they are able to spend on the proposed changes to, equipment, raises, training, and operational expenses. Challenge four:

Speed of manufacturing process from order to finished product. The speed of manufacturing process from order to finish product is very challenging since each anchor requires its own unique equipment. Currently they have to completely change the over the manufacturing line for each type of anchor. This process makes it more time consuming and creates more work for employees. Question two

(a) Operational Issue One: Environmental Analysis

Proposed changes:

Albatross Anchor needs to become more effective with the opportunities and challenges in its operating environment. Albatross' operating system must be capable of producing quality products (anchors) that are in demand within a time frame that is acceptable to the industry. Albatross Anchor updates the environmental standards of the plant to bring them up to code. I chose this because environmental analysis refers to the study and analysis of short and

long term effects on the environment by businesses, households, and individuals. In any business you need long and short term goals to make the business run more effectively. Environmental analysis is relatively qualitative and involves the identification of and analysis of environmental variables, which affect the business. This type of analysis is relatively qualitative and involves the identifying, scanning, analyzing and forecasting of the environmental variables. This where the operational changes occur.

#### Implication one Environmental Analysis

1. The work place is cramped and crowded and does not flow well for optimum production. 2. US Safety standards have not been implemented as they were developed and the plant is not up to code. 3. Employees and visitors could befall hard due to the lack of being up to US safety standards and codes. 4. The company has an obligation to provide a safe work environment for their employees. They need to redesign the facilities and follow US safety codes and standards to provide a safe place to work. Providing their employees a safer place to work will improve morale and boost production. (b) Cost of Finished Goods Sitting Idle in the Warehouse: They are able to ship out finished products effectively. Implication two:

#### Ergonomics.

1. Ergonomics is the science of fitting workplace conditions and job demands to the capabilities of the working population (Ergonomics). 2. Ergonomics has not been used because the company is still using old and outdated equipment and not up to code. 3. The company needs to invest in ergonomically correct and up to date equipment that will minimize the

possibility of employees getting hurt. Ergonomically correct equipment is more comfortable to operate and will cause the employees less fatigue and this will result in more pride in their work increasing production in the end.

#### Implication three: Cross training

1. Cross training will allow more employees to be able to do the same job and reduce the amount of boredom and accidents. 2. Cross training increases team confidence and creates a team building environment (Reasons). 3. Cross Training will allow employees more freedom to take vacation because someone from the company will already be trained to fill in for them. 4. Cross training will also allow employees the freedom to move from one position to another while at the same time learning the full operation of the plant. 5. Cross train will keep all departments running smoothly if something were to suddenly happen to one of the employees.

#### Complication one: Cost of Production

Current manufacturing costs are \$8.00 per pound for mushroom/bell anchors and \$11.00 per pound for snag hook anchors. Albatross Anchor charges the same per unit as their competitors. However, the profit margin can sometimes be as much as 35% less (on some of the anchors) because of operations inefficiencies. \$8 per pound for mushroom/bell anchors

\$11 per pound on for snag hook anchor

#### Complication two: Economies of Scale in material purchasing

The firm is not able to realize economies since they are not able to produce larger orders as easy. They are not able to meet capacity utilization within

the plant due to operational inefficiencies. They can only produce small batches. Scale economies have brought down the unit costs of production and have fed through to lower prices for consumers. Economies of scale are a key advantage for a business that is able to grow. Most firms find that, as their production output increases, they can achieve lower costs per unit. Economies of scale are the cost advantages that a business can exploit by expanding their scale of production. The effect of economies of scale is to reduce the average (unit) costs of production. Complication three: Cost of Raw Materials Sitting Idle in the Warehouse Cost of Raw Materials Sitting Idle in the Warehouse:

The raw materials sit idle until they are ready to ship out which leads to large cost of holding raw material in inventory. (c) Technology and automation

1. Technology and automation needs to be included to help automate certain functions of the plant operations.
2. Automation could be used to control conveyors to move products from one point in the plant to another reducing the amount of product that is moved by forklift.
3. Technology updates could be used to bring certain parts of the plant up to code and safety standards.
4. Automation and technology have a place in any plant that is doing assembly the foundry could be automated to minimize the amount of personnel that are required to be around the molten steel which is a huge safety hazard.
5. Technology updates can track the status of incoming and outgoing orders to allow better updates to the customer.
6. Technology must be incorporated into the renovations of the plant to allow better tracking of resources and completed products to timely get the shipments out to the consumer.

(01) Gantt chart – A Gantt chart is a type of chart that depicts the steps required a timeline and task dependency for the completion of a project. It is a broad overview of the project status, what remains and whether or not the project is on time or behind. A Gantt Chart is also a system used to organize projects according to their due date, and assigning tasks within that time frame. Gantt Charts are used to measure the progress of tasks within the time established for a project, so that management can keep track of how ahead or behind a group is, or what areas of a project need special attention in order to be completed. (02) Explanation of the Gantt Chart

Gantt charts are used to illustrate the start and finish dates of tasks that make up a project. Gantt charts use colored bars to visualize the individual and summary elements that make up the project. The tasks and summary tasks comprise the work breakdown structure of a project. Gantt charts today can be used to show percent complete, dependencies and a “today” indicator to visualize the current health of a project. The Gantt chart is a bar chart that shows a job’s progress graphically or compare actual against planned performance. Conclusion:

Albatross Anchors, although a family business still has the potential to turn things around to become a more profitable company. Implementing better processes and practices along with identifying the Long Term Operational changes needed and the Short Term Operational changes that are needed will result in more efficient and more productive management. US safety and environmental guidelines have to be followed and maintained so the company is never in danger of being shut down. Create a more productive

work area for the administrative offices and constructing separate manufacturing areas for production.

The company is in need of many required changes so they can be more productive and have better time management. With the new reviews this observation has managed to create, the result will have the required proficient changes that are needed to become a more productive company. They have potential to grow into a bigger company if they choose to do so. Albatross Anchor can definitely overcome the competitor's advantage by overhauling their floor plan. In doing so, they can continue to grow into a bigger company. Right now, if they were to fix the disadvantages of not having technology, diversification of products, and operations efficiencies, Albatross Anchor can definitely gain competitive advantage.

## References

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