Objectives of system of control used by ford motor company

Business, Company

Ford Motor Company is a firm in the motor parts and assembling industry. It has been incorporated more than 150 years back. The company s one of the pioneers to adopt the Just in Time system of stock controls. This system is still applicable by the company to date though with ne developments being incorporated into it to enhance the applicability. (Ford, 2009) Just in time stock control is a very unique system of stock control. It gets company into action if only it’s needed to. It works in a strategy aimed at reducing wastage of resources such as time and costs of holding stock.

The most significant point about this method is that no stocks, whether of raw materials of finished good are kept, hence minimized costs of holding stock, maintenance of warehouses, and depreciation of finished goods in display or warehouses. (Bragg S. M. , 2004) Objectives of adopting such a system as seen individually include optimizing each step of the manufacturing system. This is basically seen as a measure to get “ the most from the least”. Discouraging of huge lag times and idle times is the way towards the achievement.

Ta every step of manufacturing, the equipment used, personnel and other resources, including time are utilized to their best. Reduction of flaws in products is another objective, deformation in products and their parts will be reduced if exactly what is wanted is prepared and appears as is described. Process of storage or warehousing of finished products normally increases the chances of flaws being experienced. This is also the case when the raw materials are acquired and stored before their usage. Ford also was trying to lower the manufacturing cost through adoption of JIT method.

The achievement of this is through the reduction of employees. When there is no job to be worked on, lower costs incurred on shipment of raw materials which might not be necessary, the need to restructure some already finished parts to meet the consumers' requirement and he need to maintain the only needed equipment by disposing the un-utilized ones. (Crowson, 2005) The other objective of Ford is to make the product demanded by customers. This has some advantages in that the product that has to be mad already has its demand placed and therefore nomoneywill be lost through displays and may be promotion of the same.

The product also will be made in accordance to what the customer needs, hence chances of restructuring of the product to suit the market are very low if not non-existent Incorporation of flexibility in the system was also an objective targeted by the Ford Co. JIT system is highly known to be open for modification especially technologically as opposed to other systems. Ford has over the years found it easier to upgrade technological development as opposed to before. Building a strong and reliable relationship between the customers and the suppliers is another objective facing the Ford.

Just in Time system is never a one man affair, and this calls for a big proportion of reliance being placed at the input level of the system- which is the suppliers, and the end level of the process which represents the consumer. Bridging of that gap between the suppliers and the consumer had been the company's objective too. v. Extent of Achievement of the Objectives by the company Ford Corporation, despite the challenges, may be seen to have achieved the objectives it targeted over the JIT application.

Towards the achievement of optimizing each steps of manufacturing process, Ford has reported positive results. Thy have reported that the manufacturing capacities of each process are utilized up to a high of 82% annually, unlike the previous capacities which translated to only 41% utilization leaving the 59% difference to waste. Ford has also realized an increase in contribution per asset utilized. This is explained by the ability of the firm to invest in only the assets they need, and subsequent utility of the assets as profitably as has been witnessed.

(psabilla, 2007) Since the adoption of JIT system, and with later developments and improvements in the system, the company has been able to make up to 100% flaw-free motor vehicles. The defects have also been at e very negligible level. Their market survey and customer feedbacks reports have been very positive on the achievement of the objective to reduce the flaws in the products. The manufacturing costs too have been highly minimized due to elimination of spending unnecessarily on activities such as warehousing and bulk shipment of uncalled for raw materials.

From inception of JIT system, the firm has been encouraging their customers, which include big multinationals, governments, and individuals, to make an order of their products well in advance, and include some of the specification variables such as seat specification (e. g. leather or fabric), both material, color, EFI system etc. They have so far witnessed positive response and have instead strengthened their research and development department, rather than that of advertising for goods already in go downs.

This has as well helped them successfully bridge the gap between supplier and consumers, by ensuring that time between the ordering of raw materials from the supplier to the time of dispatching the order to the consumer, is well utilized and well coordinated to ensure consistency. Application of IT in the JIT system has been enhanced by the firm. This is because inception of informationtechnologyin materials management process is crucial to effectiveness of JIT production and delivery system, and supply chain management.

Ford has installed the Electronic Data Interchange system and has then interfaced to combat with the JIT system to ensure smooth run in acquisition of raw parts, actual production and the delivery of the finished products. Suggestions to improve the system JIT system is highly dependent on supplier efficiency and correspondence. The supplier is where the actual process starts after the order is placed. This is to mean that any delay or frustration of supplier’s efforts will be highly effective negatively to the firm.

This was witnessed in1996 where the firm was forced to close down about six of its production plants due to lack of proper supplies coordination. This cost the company millions of dollars in profits lost due to the running costs of running some of the activities of the closed down production plants and yet they were unproductive at the moment. To curb this issue the firm might be forced to be in very close liaison with very reliable suppliers. This might call for necessity to have control over such suppliers to strengthen the possibility of placing due reliance to them, as and when an order needs to be worked on.

It also requires a very highly well assembled procurement division. The division should be proactive, up to date and highly linked to hasten the requisition procedure. Another suggestion which could improve the performance of the system is the merger of orders strategy. His is whereby the orders are cumulated and worked on within some predetermined time length. For instance, the company can design its timetable such that orders received and accepted are worked on within a period of say two months. This will apply for those orders which have a similar process of manufacturing.

Such a system will help to reduce some stock related costs in that if several products will be manufactured, starting from a similar time, requisition of their raw parts will be in bulk hence such privileges as quantity discounts may be enjoyed which ends up reducing the ordering costs. His will also further facilitate the utilization of resources such as staff and equipment, which in most cases are hired on short term contractual basis. This will make the control system enjoy such provisions as those ones in the Economic Order Quantity (EOQ) system which considers buying in bulk to gain discounts.

(Lucey, 2002) The dispatch of the final product should also be made to appear as cheaper and shorter s is possible. Mot of the consignments are distributed through the sea, a means which is slower an hence consumes money which is expensive in that the cost met by the company such as insurance in transit and on-board maintenance will increase as time goes by. Comparatively, it might be cheaper to airlift much finished products to their

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