

# Case study (in operations management): "hightec inc" essay sample

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The firm currently rents a 12, 000-square-foot, L-shaped building. This building houses four basic sections: •the office area, •an engineering area, •a machine shop, •and an assembly area.

The 80 employees

comprise: •machinists, •engineers, •assemblers, •secretaries, •and salespeople.

Glenn Moore is the founder and executive of the company. He walked into the employee lunch area saying to himself: “ it’s hard to believe, that it has been only 6 years since I founded Hightec”. He was not interested in lunch. His purpose was to inspect the new microcomputer, which had just been purchased to improve management of the company’s inventory and accounting functions. The computer had to be housed at the rear of the employee lunch area, right next to the coffee, hot soup, and hot chocolate vending machines. There was absolutely no room for the computer elsewhere. And this was only one of alarming signals for the company.

Although Moore concentrated on finance and marketing during first two years of Hightec existence, his activities now are more concerned with production costs, inventory and capacity. Sales have been increasing about 30% per year, and this grow is expected to continue.

Specific symptoms of Hightec’s problems include the following: •Space limitations delayed the purchase of a numerical control machine and a more

efficient testing machine. Both promise greater capacity and higher productivity, and their costs are easily justified.

- The machine shop is so crowded that the equipment not in constant use had to be moved into the inventory storage area.
- More machines are being operated on second and third shifts than would normally be justified. Productivity is falling, and quality is slipping.
- Approximately 10% of the workers time is spent moving materials to and from the inventory storage area, where inventory at all stages of production is kept.
- The chaotic supply room makes finding wanted parts difficult, and considerable time lost searching.
- Approximately 1, 000 square feet of storage space must be tented outside the plant
- Lack of capacity has forced Moore to forgo bidding on several attractive jobs. One salesperson is particularly disgruntled because she lost a potentially large commission.
- Several office workers have complained about cramped quarters and lack of privacy. The quality of employee space also leaves an unfavorable impression on prospective customers who visit the plant.
- Additional help was just hired for the office. To make room for their desks, Moore had to discard his favorite tropical plant, which started as a cutting when Hightec was formed and had sentimental value.

Underling reasons for those alarming signals are as follows: •Lack of capacity: deficit of space to place all the facilities; •Inefficient layout of plant facilities leads to increasing costs for the company.

Thus, company has no choice other then: first, to do long-term expansion; second, they have to redesign facilities layout in a more efficient way.