

Loctite case study essay sample



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Loctite is faced with a decision on whether to continue to improve their operational processes in the equipment line or discontinue the product altogether and focus just on adhesives. There are several issues currently faced, and these issues must be addressed in order to successfully build out the “lean thinking” initiative and improve the overall success and growth of the business. As outlined above, Loctite prides itself on consistently providing high quality products and service to its customers.

Because of their high level of customization of the adhesives, the equipment serves an enhanced benefit in the support function in the overall package of the adhesive products. The three stipulations that Mercer outlines in the case are key functions in creating the overall customer benefit package. Loctite needs to focus on being fiercely competitive in the marketplace, generating sufficient equipment line profits to support the adhesive business, and ensuring the equipment supports the sale of their adhesive products.

The “lean thinking” build out of the equipment line needs to be a top down approach. Management needs to understand that the equipment serves as a key driver in the offering as a way of improving overall customer satisfaction. With customer value declining over the last several years, they need to focus on their ability to be the “one stop shop” by creating that added value for the customer.

Sales representatives have historically been reluctant to promote the equipment line in conjunction with the adhesive sales due to the high cost and difficulty to obtain equipment service information. With the “lean thinking” approach, wasteful practices that were the root of the sub-optimal

position in the marketplace are to be minimized. The attention needs to be on getting the buy in from the sales representatives so that during the sale of adhesives the equipment line is sold as a total package with the adhesives, rather than a stand alone product.

Management needs to hold each sales representative accountable and ensure that the equipment line is more of a focus to restore the systems approach at Loctite. Another area of concern is the fact that product managers have typically been able to only spend 10 to 20 percent of their time supporting the equipment initiative, as well other key areas such as purchasing, customer services, technical help line and quality engineering.

There has been a significant decline in the equipment business due to lack of support. With the creation of the service hub and Equipment Business Direction Team (EBDT) they are able to align the company's larger objectives with the key decisions regarding equipment. Because of the value added to the end users of the Loctite adhesives, the equipment offering cannot be discarded as irrelevant. The common practice of managers has been to "just give the equipment away" in order to secure the adhesive business.

This is not an acceptable approach if the primary objective in the company is to continue to build on their market leader position in the sale and distribution of adhesives. By focusing on the "lean thinking" initiative, they are able to not only support the adhesive business, but creating that added value in a technical support role. This will not only build their profitability and growth, but also allow their continued attention to be a customer focused and market leader in the overall sale of adhesives