

The operational issues affected by organisations



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The following essay looks at discussing the operational issues affecting the organization and identifying the strategic implications Terror Tubes. After read this case study, Terror Tubes is the Australian motor racing industry, they designs and manufactures custom-made high performance automotive exhaust system for Australia motor industry. The business was established by two time motor racing driver Sam Peters in 1974. The first place of business operated in Homebush; in 2000 they relocated to Blocktown. The company manufactures both custom performance and standard system, each being specifically tailored to engine in question. After the company become more famous and sales increased, therefore, company start focus on customer. Terror Tubes start making more popular items private to normal motorists wants to improve their performance. Terror Tubes quickly become Australian car industry distributor. Many problems still occur in Terror Tubes. The finance situation not as good as we see, furthermore, Terror tubes made contract with super car have initial stocking and company's reputation grew and sales increased, Terror Tubes got both side supplier and racing industry respected. Thus, few months later the sales of supper car continue increased. The customer systems were always very sensitive on problems on higher sales. However, Sam and Phil look over all the process of terror tubes, customer still would like to buy sales products, in other hand, customer designed system steadily increased, thus, the relative cost keep increase, and costs associated is continue increasing, from accounting found out the company cannot make any good profit as they expected. expensive public warehouse space has been rented, however, Sam is very concerned with increased lead time for custom and standard orders, it going to take long time to delivery, capacity is being pushed, and between both side they have

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contract. In other side, Phil is also very worried the company is going to very hard to achieve the demand created. Thus , the effect of the new contract with super car , all overall impact this new demand for new systems for the customer. Therefore, the following essay will analyse the production process used by Terror Tubes, and the advantages and disadvantages of new contract for super car and Terror Tube, after will discuss the daily operational decisions required to current operating conditions for the company. Final, the essay will cover the producing financial structure will be discussed.

Discussion

According to (Gardiner D, 2006) the production process can be defined as the process of converting inputs into outputs. The inputs could be materials, customers, labour, energy, components, ideas, machines or requirements. In other hand, the outputs could be finished products, satisfied customers, or unsatisfied customers, components, subassemblies, developed ideas. The foundation of production process is to find something necessary to add into process that take inputs and transforms them into outputs, if this transformation is performed well so customer will satisfy. The production process is happened various industries , the inputs include any starting position for a product or service, as an example, a bakery manufacture would have flour, sugar, flavourings, packaging, energy, and people skills, the production process is people mixing ingredients, baking, after cooked packing the bakery, finish all the process distributing to the manufactures, output after all the production process all the flour become buns, bread, muffins, delivered to warehouse or retail stored. This is very simple examples of inputs into outputs process same as service industries.

As seen in this case, Terror tubes relocated twice and now the Blocktown which is currently address is double bigger than old factory in homebush, for the company originally was conceived to supply to motor racing industry specialty exhaust system, after the company focused on custom-built system. Therefore the factory layout group member tube cutters working together, tube bonder in another, a separate sledding section, also the craftspeople will use high tech engineer equipment to provide the flexibility needed for producing custom system. The quality of the finished product reflects the craftsmanship of the individual workers. Both of standard system and custom processing in the same time on same equipment by the same craftspeople. (Morrison M, 1992) Furthermore, in Terror Tubes, the quality and demand is very important for this company. Thus, the production process needs to have better support from outside to make this process more successful.

Between the Terror Tube with Super Car created new contract, the effective contract involved advantages and disadvantages on Terror Tube's operations, firstly, Terror Tube was originally supply specialty exhaust systems to the motor racing industry, and Super Car is a big distributor and they supplied very high exhaust systems. Therefore, Terror Tube's operation after have the effects of the new contract with Super Car they may need to produce more exhaust systems provided to the Super Car, both of company can have long term trade relationship. The advantage of Terror Tube signed the new contract with Super Car, Terror Tube can make more profit, and make sales increase, and also the productivity will improve as well. Thus,

Terror Tube's reputation will grow, more and more demand may come from other companies.

The disadvantage of Terror Tube signing the new contract with Super Car happened in this case is Terror Tube did not achieve the day line, they overtime production. In addition, Super Car cannot have product to give to the customers, so both sides will be not happy with each other including the customer will not be satisfied with the supplier. In other hand, Terror Tubes rented very expensive warehouse space, therefore, in this side, the company have to pay lots of money for the rent, they cannot finish the production of the product so they loss profit, cannot make any money, the company's profit margin is very low.

Compare both side advantage and disadvantage effects the new contract between Super Car and Terror Tubes. It is very important for the people working in the company to overcome the disadvantages and try to help the company can reach the goals make more advantages.

The daily operational decisions required under current operating conditions for the company's operational to run effectively, also Terror Tube leaders need to make lots of decisions to adjust this company. Before make decision the leaders have to very clear what company goals after to achieve goals effectively. First of all, Terror Tubes involved many things to concern such as make daily product decisions. According to (Gardiner D. 2006) operations managements are the activities for creating, implementing, and improving process that production process resources, such as raw materials, technologies and labour. And it is to set of decisions across the value chain

the support the implementation of higher level business strategies.

Therefore, employees should make lots of improvement and try to not waste anything. It is very important for all the employees should know the company roles, and company will be increase the production standard or custom serves (Kim B & Oh H, 2005). In addition, before the manufacture start making products. They have to very clearly about all the product, equipment, customer demand, or quantity of the production, be preparing everything to avoid over the due day. (Puig F et al, 2009) in this case, Terror Tubes need to operation run effectively, the factory have to prepare all the material, all the equipment is safe also have enough employees come to work for the company. For Terror Tubes this case, they still have engine problems. Rather than with new standard systems no as good we can see, how many product you produce is depends on the markets, somehow, some emergency situations maybe happened the companies have to take seriously concern about. (Fransoo J, 1993) Thus, market price change every day, and more competitors, this is also very important operational decisions for the company in the future. In other hand, we should very careful about market price no matter material or any relate price has increase the price, then Terror Tubes has to increase the price to maintain make more profit.

According to (Seppa R, 2007)there more operational decision for the company's operations, for instance, make more advertisements or promotion decision, we can spent little bit money on the advertisements like TV show, magazine, news paper and so on, to promote our product. Furthermore, there is one more operational decision is focusing on different type of group people and trying to sale in different age, gender, different levels, for the

company, we have to find very good market, which is the people who sell lots of products. (Seppa R, 2007) One more I think is the most useful one is, find more investor like shareholders or some customer who is interested in this type of investment. Make agreement with them, they may not be a very good operational decision, but more people and more money help the company become more successful, the company can reduce and more control the expenses, from another point of view it might lose control, lose profit, or more problems coming up. For instance, in this case, Terror Tubes had a really serious problem, they had overtime production, most money cannot be used, and lots of costs continually increase, so if the Terror Tube found more people to join in the company, it may reduce the risk of compensation over time, the company might hire more employees, bring in more equipment to help the factory produce more products. So overtime will not happen in the future. And Terror Tube can make more profit, and more demand will keep increasing. (Mughal H & Osborne R, 1995).

Last one is the effect the move to producing standard systems has had on the company's financial structure. Firstly, the company has not been operating well as we can see, their financial position was very low, they spend lots of money to buy a material, and associated expenses have increased. Also Terror Tubes rented a very expensive warehouse with a big space. Therefore, this company's financial position is not good at all. In this case, as Terror Tubes was supplying specialty exhaust systems to the motor racing industry, after they changed the line to produce products for normal cars and had an agreement with Super Car, this is an advantage for Terror Tubes, because Super Car is a national car industry, it might have effects on the Terror Tubes's financial structure.

(Spina G & Verganti R, 2002). Terror Tubes at beginning keep increase the products on sales, that is attract a lot of customer to buy the products made very good profits. According to (Walters D, 2004) in this case, Terror Tubes had start producing different products, so they have to pay the taxes every year. This is not good as they are in bad situations. Therefore, Terror Tube might join other enterprise; it may help the company and increase the financial problems.

Conclusion

Finally, this essay has been talk about Terror Tubes current production processes, is a manufacture in Australian produce the car exhaust systems to motor racing industry, after the company's reputation grew, more and more demand from customers. Also this essay discussed the advantages and disadvantages on Terror Tubes and Super Car made new contract. It is good when they signed new contract, Super Car have big demand for the products, and help the Terror Tubes make more profit, more promotion. In other hand, many disadvantage happed after this contract, because many demand form customer, manufactory can not finish producing all the products to the customer, which is not good, for instance, Terror Tubes has to produce those products as fast as possible, to keep good relationship between the demand and supplier. Furthermore, the daily operational decisions required under current operations conditions for the company's operations, the decision making by the managers , production decision should be more quickly, more prepare and price depends on raw material, thus, I gave some of my personal suggestion to this company, find investor whom interest in this kind of business, and make good profit, join in the

company help the company to reduce the problem, for example, put more advertisement etc. finally , this article talk about the producing start systems on positive way and negative way, also the company's financial structure. As I mentioned many problems happened in financial position, if Terror Tube might join other enterprise, it may help the company saving the problems, and start makes profit.