

The audi company



Introduction

Audi is an internationally well known car manufacturing company, which started its operation in 1910 in Germany. For expanding its business, it had joined with the other automobile manufacturing company in 1932 and formed an Auto Union. Audi's success history started from 1980, when it got customers attention at Geneva Motors Show as a sole automobile company. In this show the Audi's sports car named Audi Quattro got the first high performance certificate and gained warm responses and attentions world wide. This is the turning point for the Audi Company to invest and expand its business in the sports cars industry. Audi luxury car models A3 and A4 are famous for its unique designs and comforts. Cars materials quality and usage of advance technologies during the manufacturing of products make Audi's products clearly distinguished and unique as compare to the products of other car manufacturing companies.

Audi also manufactures normal cars, trucks and vans. During the manufacturing of these products, advance technologies are used in order to produce high performance vehicles but at the economical prices. Audi car manufacturing plants are well organised. The vehicle components made by vendor are strictly checked for its quality as Audi got a separate quality control department in order to maintain company's quality standards. As company's business is expanded in different countries, Audi is very careful about products marketing as it got a good marketing department which manages new events and shows for the new launched products. Audi vehicle manufacturing plants have large production departments, in which thousands of employees work world wide. Audi selects highly qualified

people to join its business and recruits top graduates every year and offers good salaries. Each Audi vehicle manufacturing plant has separate engine assembling and testing department, in which engines are assembled according to the international standards, and tested on the computerised Dynamometers. Now a day Audi is using recuperation technology for engines manufacturing, as a results engines consume less fuel and produce less amounts of CO2 emissions.

Audi captures a big market in automobile sector in the UK because of its good marketing and customers' satisfaction or trust. On the basis of price comparisons, Audi vehicles have reasonable prices as compare to other companies' products and Audi vehicle prices range from £15, 770 to £82, 555. New cars with improved performances and unique models or designs are expected in 2010 in the company's golden jubilee year, which will be helpful for Audi to compete with the tough automobile market worldwide.

Logistics Network Design

LOGISTICS network design is concerned with the purpose of the number and site of warehouses and manufacturing plants, allocation of customer demand, distribution of warehouses to production plants. The best configuration must be able to deliver the goods to the customers at the least cost (commonly used objective) while satisfying the service level needs. In most logistics network design models, the customer demand is exogenous and defined as a consistent quantity for each product. Such a uniform demand value does not take advantage of the possibility that different customers have different sensitivity to delivery lead-time.

Logistics network design is a vital strategic decision for Audi. It is very important to allocate the customer demand points to warehouses, and allocate products from warehouses to production plants. As Audi have become more global, there has been a trend towards outsourcing the logistics function to third-party logistics (3PL) firms, so that manufacturing companies can focus their efforts on their core competencies. Thus, 3PL companies must have the capability to design efficient and effective logistics network so as to add value to their clients' business. Audi is excellent in this.

In Audi Company, we see three new models for logistics network design with special focus on the perspective of 3PL companies. The chief objective of these new models is to increase the effectiveness of the resulting network design and the utilization of facilities in the network.

The three models encompass the following areas:

- Logistics network design with differentiated delivery lead time,
- Logistics network design with price discount, and
- Consolidated logistics network design using consolidation hubs.

A new perspective of Audi that incorporates into logistics network design are, two factor namely delivery lead time and price discount that are usually not considered. This shows that designing network with differentiated delivery lead time can reduce the network cost, while the other shows that combining pricing decision and demand management can result in a network design with higher net profits, combines tactical decision for inventory replenishment policy with strategic decision for

Consolidated network design. These shows by adding consolidation hubs at suitable locations near to the suppliers, we can leverage on concave Audi's cost to reduce the overall network cost.

Network design and inventory replenishment policy simultaneously our findings provide managerial insights into how 3PL companies can and their results to improve their business. Audi design more effective logistic networks to support their clients and Audi is applicable to the order fulfilment business process and managing suppliers for manufacturers. As every part is made by Audi but work is divided into different department, for example tyre, machine etc are produced in different plant.

Audi is designing a network according to demand classes segmented according to their sensitivity to delivery lead time. This shows that potential network cost savings can be achieved by designing a network with segmented customer demand as compared to a network without segmented demand. For the segmented demand case, the short LT demand customers are served from their local warehouse or a nearby warehouse which can satisfy the delivery lead time requirement; while the long LT demand customers are served directly from the hub which is located further away. In addition, the model explored the multiple facilities grouping method which groups facilities which can serve the same customer location within the short LT requirement. It was shown that multiple facility grouping can reduce the network cost, especially for networks with lower inventory holding cost and high fixed facility cost.

Logistics Network Design of Audi

Network Design: Key Issues

- Pick the optimal number, location, and size of warehouses and/or plants
- Determine optimal sourcing strategy, which plant/vendor should produce which product?
- Determine best distribution channels, which warehouses should service which customers?

Data for Network Design

1. A listing of all products
2. Location of customers, stocking points and sources
3. Demand for each product by customer location
4. Transportation rates
5. Warehousing costs
6. Shipment sizes by product
7. Order patterns by frequency, size, and season, content
8. Order processing costs
9. Customer service goals

Motorsport Audi race from victory to victory from more than 25 years in motorsport. The outstanding successes in motorsport after Audi were always combined with groundbreaking developments which also later established themselves in large volume production after the legendary era of the auto union in Grand Prix Cars in 1930's. The actual motorsport history of Audi began in 1981 with Audi Quattro in World Rally Championships. Audi was the company that invented the " TDI" which became the first car manufacturer

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in the world to win the renowned Le Mans 24 hours with a diesel engined car. Le Mans continues the race success. Audi's motorsport success underlines the company slogan.

Evolution The Audi cars classic nature is to rise from more than just technological features, style and performance. Its reception by the public is of central importance. Every decade has seen its "Classic".

Control

Control is concerned with making sure that planning should be done and actions should be taken appropriately when the production falls behind the plan, A production budget sets planned output for a continuous span. When production is falling behind plan it will be possible to assign extra resources and management time to get back on the plan i. e. control process.

A long tradition of environmental protection is that Audi's declared goal is to offer each and every customer driving pleasure and sustainable mobility. The achievements of the Audi speak for themselves through emotional design quality, sportiness and environmental awareness which all together find a common form of expression in the brand of four wheels.

Environmental Protection at Audi

Audi has an embracing climate strategy that takes in account of the corporate divisions. It is an expression of the company to the society and environmental protection and for the reason an integral part of the corporate social responsibility. The products are produced on the basis of standard efficiency

system. This approach takes account of Co2 factors, including engine, drive concepts, body technology, electronic assistance systems and aerodynamics.

Environmental Management

Awarded by the European Union- Audi is proud to display the the European Union emblem for outstanding environmental protection as its “ trademark”. This means that Audi customers can be sure that maximum attention has been paid to ensure environmental compatibility, even while the vehicle is being manufactured.

Corporate Management

The Board of Management and Supervisory Board of AUDI AG pay very close attention to the contents of the German Corporate Governance Code, which contains nationally and internationally recognised standards of responsible management.

Production Plans Worldwide

Audi manufacturers “ Vorsprung durch Technik” has six plants with lengthy traditions of car manufacturing. The synchronised Audi production system and highly qualified workforce of more than 53, 000 guarantee high Audi standards worldwide. Whether in Germany, Belgium, Hungary, India or China every production plant supreme

OPERATIONS STRATEGY

An apposite operations strategy is necessary and vital to an organization not only as this will conclude the level to which its business strategy can be

implemented, but also as its operations can be a foundation of viable benefit and profit.

An 'operations strategy concerns the prototype of strategic decisions and actions which put the part, objectives and behaviour of operations' Slack et al. (2004: p. 67). An organization can comprise on a planned strategy. But some of proposed strategy may be realized throughout deliberate strategy. Only some of the intentions can be unrealized. Strategies which get no view of operational probability are liable to develop into unrealized, outstanding simply as a rest of intentions. Strategy may as well come out from events taken inside the organization, which more than a point structure a reliable prototype. Events of this type will, more or less predictably, take place from inside the operations of the business. Therefore, whether planned or else, the organization's operations are obtain to have a key force on the development of organizational strategy. It is repeatedly assumed that strategy is a concern that is one way or another divide as of day-to-day organizational behaviour.

OPERATIONS STRATEGY OBJECTIVES

Strategy in a business organization is fundamentally concerning how the organization seeks to stay alive and grow within its atmosphere more than the lasting. The decisions, actions and events taken inside its operations contain a straight collision on the source on which an organization is capable to do this.

There are five operations performance objectives:

1. Cost:

2. The capability to generate at low cost
3. Quality:
4. The ability to make in accordance with requirement and without any fault
5. Speed:
6. The capability to do things quickly and fast in reply to consumer demands and so propose short guide period between when a customer orders a goods or service and when they receive it
7. Dependability:
8. Dependability is the facility to deliver products and services in accordance with promises which made to customers
9. Flexibility:

The ability to change the operations, Flexibility can consist of up to four aspects:

- The capability to modify the size of production.
- The capability to adjust the time taken to construct.
- The capability to change the combination of different items or services produced.
- The capability to introduce and bring in fresh products and services.

Excelling at individual or additional of these operations routine objectives be capable of allow an organization to follow a business strategy based on an equivalent competitive issue. Similar operations quality to consumer supplies deceit at the spirit of several operations based tactic.

OPERATIONS STRATEGY PROCESS

As discussed above, operations strategy has a perpendicular connection in the organization chain of command with production and business strategies, and parallel with the additional practical strategies, the majority particularly with marketing strategy. Operations strategy may come about in a top-down or a bottom-up process with consider to business and corporate strategies. Also, an operations strategy force to be urbanized in reaction to market necessities (i. e. market-led) or be based on the capabilities of its operations assets (i. e. operations-led). This gives increase to four perspectives on operation strategy (Slack and Lewis, 2002). Every perspective spaces a diverse importance on the environment of the operations strategy process.

Top-down

According to this perception, the method of raising an operations strategy would pursue Skinner's approach of identifying an operation's ' job' (Skinner, 1969). The function for operations would be strong-minded reasonably from the production policy. Five operations act objectives is a single method of articulating the operations assignment. For instance, if the organization's dealing policy is one of contribution low prices, followed by the operation's assignment must be individual of achieving low expenditure in operations. Within multi-business society, the top-down perception envisages operations policy being related to company plan using the production approach of every business division.

Bottom-up

The bottom-up perception is one which sees operations strategy promising during a sequence of actions and decisions in use more than occasion inside operations. These actions and decisions may at initial stage become visible a bit random, while operations managers take action to consumer demands, try to find to resolve particular problems. The events taken within this type of approach are expected to be characterized by a constant sequence of incremental improvements slightly than the big one-off technically led changes that need large funds reserves in fresh plant and equipment.

Market-led

The market-led perception is one in which the operations strategy is urbanized in reply to the market atmosphere in which the business operates. The most well-known of these is that of Terry Hill (1985). He suggests that an organization's operations strategy policy must be related to its marketing approach by allowing for how its goods and services succeed orders in the market. Market qualifying criteria are those factors that should be fulfilled in advance before consumers will believe making a purchase or buy in the first place. Order winning criteria, alternatively are the factors on which customers eventually make their purchasing choice.

Operations-led

The operations-led perception is one in which its quality in operations is old to make the business strategy. The resource based view (RBV) of strategy that presently dominates the strategic organization. The basis of the RBV is that greater performance comes from the means to facilitate an organization acquires, develops and deploys its assets and builds its capabilities slightly

than the approach it positions itself in the market place. Therefore, the procedure of strategy growth should be based on a resonance considerate of existing capabilities. This can then give the foundation for decisions regarding which markets are expected to be the most excellent in which to organize the present and prospect capabilities, which organizations can use these ideas and put into practice.

Performances Measurement:

A growing business needs to be closely and carefully managed to ensure the success of new investment decisions and expansion plans. However, many owner-managers find that as their business grows they feel more remote from its operations.

Putting performance measurement systems in place can be an important way of keeping track on the progress of your business. It gives you vital information about what's happening now and it also provides the starting point for a system of target-setting that will help you implement your strategies for growth.

This guide sets out the business benefits of performance measurement. It shows you how to choose which key performance indicators (KPIs) to measure and suggests examples in a number of key business areas. It also highlights the main points to bear in mind when setting targets for your business

Operation performance measure,

- Dependability

- Cost
- Speed
- Quality
- Flexibility

Competitors

Demand is driven by employment and interest rates. The profitability of the individual depends upon the manufacturing efficiency, product quality and effective marketing. Large companies are manufacturing at economies of scale and the industry like automotive industry was highly competitive industry like the G. M Toyota B. M. W, and G. M and Toyota are right now in very dangerous condition due to their leverage and and their governments banks are backing these companies with loan.

US auto manufacturers' financial positions have deteriorated dramatically in recent years. The " Detroit Three" (Chrysler, Ford, and GM) have suffered from import competition and high cost structures. High gas prices, few small car offerings, and near record-low consumer demand during the late 2000s recession drove Chrysler and GM into bankruptcy, where their debts were restructured. Chrysler and GM also received billions in loans from the US and Canadian governments. Ford, which has joined GM and Chrysler in various government incentive programs but has not, received direct federal investment, avoided bankruptcy largely due to more than \$20 billion in secured and unsecured loans it took out in 2006.

- Financial position

- Company is financially very strong and increasing capitalisation, assets are showing that the company is in strong position.
- Performance
- Audi is performing well in its industry profits are increasing compared to its competitors B. M. W and Mercedes-Benz. Audi's net profit was 3.10 billion U. S Dollars and B. M. W's profit was 465 million in 2008 U. S dollars which change up to 5 times less than its previous years.
- Before credit crisis
- In 2007 Audi revenue was 49.98 billion U. S dollars and the net income was 2.915 and in 2007 their current assets and noncurrent assets were increased up to 9 billion and in relation with assets their liabilities and equity is also increasing and which was the positive trend.
- In credit crisis
- In 2008 when most of the automotive companies were in crisis like Toyota general motors. Audi still able to generate the profit of 3 billion U. S Dollars.
- After the credit crisis
- In 2008 their sales in India rose up to 138%. VW's three brands Audi, Skoda, and Volkswagen sold near about 2023 units which are 38% more than 2008 so company investing 770 million U. S Dollars in India
- STOCK PRICES

In Jan 2007 the Audi's stock price was 523 U. S Dollars and this was stable till Jan 2008 and in the credit crisis when most of the automotive industry was in

loss due to less interest of the investors the share price of Audi's stock were the 390U. S Dollars average and the latest price is 472Dollars.