

productivity improvement at united technologies corporation essay sample

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How did poor quality at United Technologies' Otis unit damage the company's financial performance and competitive position? First, poor quality damages employee productivity. Employee productivity is one of the key determinants of enterprise's efficiency, it is one of root of Competitive Advantage. That means employee productivity is very important for a company to build their competitive position. However, based on this case, the Otis' employees waste a lot of time to build defective products, and they need to spend more time to fix those defective products. That is why the productivity of Otis was poor, and why Otis lost their competitive position.

Second, poor quality also damages the reputation and demand. As we know, a strong reputation of quality can help company building their competitive position, because the products can be differentiated from others offered by rivals, it is more utility in the customers' eyes. Therefore, the company can get an opportunity to set a premium price for its products and make more profits. However, according to this case, the demands of Otis ' products were low, because Otis lost their reputation of quality, customers don't want to buy products from a company with a poor reputation for quality.

What general principles about competitive advantage and strategy can be drawn from this case? Achieving Superior Efficient. Otis improves design for simplifying the difficulty of manufacture, and avoiding errors in the assembly process. They also give factory-floor employees rights to identify and fix quality problems.

Achieving Superior Quality. Otis trains their production-line workers, and let them learn a quality improvement process. Otis also improves design to reduce the errors in the manufacturing process.

Achieving Superior Innovation. Otis reconfigures the manufacturing process and reduces the manufacture cost of each elevator.