

Report on unicon concrete products

[Business](#), [Company](#)



Concepts & Theories

This case is about the company called “ Unicon Concrete Products”, which is operating in Hong Kong. They are working as suppliers in constructing industry. Unicon Concrete products are producing four different products but they are facing increase of demand on two of their products and want to increase their production. Further in this case I will discuss main concepts and theories of operations management and discuss strategy of this company. We will evaluate their current strategy, operating environment, operations and quality control system and help them choosing best way for implementing future plans.

Following report will be discussed through the point of view of operations and process management, due to this fact, in the beginning let’s discuss that does it mean. Management is process in which manager is using all available resources (financial, human, technical etc.) to accomplish all goals and uses these resources efficiently and effectively. Operations management involves designing business processes to ensure using as little resources as possible to get needed results and ensure efficiency that will help to meet customer requirements. Process management is implementing and managing business processes or some other processes like manufacturing, which were designed to meet the goals, previously set by company.

Further in this topic we have to discuss quality system and how does the company, which we are discussing utilize quality system. First of all I would like to discuss what is quality and quality system. Quality system is term describing that company is improving its standards all the time and assuring high quality of their products, which are meeting certain criteria of quality

evaluation. Most companies nowadays believe that they can measure their management quality. First of all quality could be measured by the level of customer satisfaction.

When we discuss customer value from the perspective of operations management we should consider most essential determinants, which consumers assess. These most essential four determinants are: time, cost, flexibility and quality. Time is ability to produce and deliver product in short time without delays. Flexibility is producer's ability to customize products according to customer needs. Quality includes both sides of the product, as tangible so intangible. Tangible part of the product is product itself and intangible is its design and other attributes. Cost is not the main aspect of product valuation by customer, but competitive price always increases sales if overall quality is high.

Below is a diagram of operations management building blocks.

You can see that this triangle is divided into six parts and three stages. First stage includes processes, which include process design, planning and control and project management. The second are systems, including product or service quality and supply chain management. The final, third stage is operations strategy. The summation of all these blocks in organization gives us high quality operations management.

Analysis & How They Utilize Quality System

Now let's get back to our case. Unicon Concrete Products is operating in Hong Kong. They are working in construction industry because of high demand on housing in this special administrative region. Probably best way

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to start would be describing economic situation in this region to facilitate understanding the whole case and economic environment.

Hong Kong is located in Southeast Asia and it is special administrative region of China. There are one of the most competitive salaries in Asia. It holds second place in Asia by labor salaries, first is Japan. Most of Chinese exports to Europe and North America are passing Hong Kong port, which is the largest container port in the world. Despite the fact that Hong Kong is most economically active region of China and hold biggest portion of foreign investments, its territory is not big. That's why they are facing big housing problem and apartment prices are too high. By that reason construction companies are flourishing.

The company Unicon Concrete Products is operating on constructions market and produces four types of products. These products are partitioning walls, facades, slabs and stairs. Currently there are twelve big companies building infrastructure and superstructures. They are holding 80 percents of construction market, Unicon worked with all of these companies. When Unicon was producing any of the products they had to submit drawing and blueprints to Government Building Department for approval. This department was examining information provided by Unicon and gave approval of requested additional changes in construction. Process of approval could take up to two months.

As was mentioned above Unicon is producing four products, but only two of them were produced customized for each clients. These products were slabs and facades. Unicon had to go through approval process by Government Building Department before producing these products for every client. Other

two products, stairs and partitioning walls, were standardized and they were approved only once and then just produced and saved in stock, before customers needed them.

For the next year in Hong Kong was planned to launch process of building affordable housing for people with small income. Only people with certain income level and without any other place of living could buy apartments in such blocks. It was planned to build 179 blocks, which would have 41 floors and four wings. Below is a typical design of the floor of such block.

Unicon was considering taking part in tender, which was expected next year. All these building were similar so once façade and slab designs would be approved Unicon could start producing them without delays. The Unicon Concrete Products Company considered that they will be capable to supply slabs and facades for seven blocks and total construction industry in Hong Kong could supply these products for only 20 blocks annually. Management of Unicon saw good opportunity in this project and decided to increase manufacturing of slabs and facades but the most important question was how they would implement their plan.

Now let's discuss how Unicon is producing slabs, facades, stairs and partitioning walls and in process of this discussion observe how they are utilizing quality system. This company has ISO 9002 certification. For getting this certification their products were tested and International Standardization Organization approved their quality and confirmed that by issuing 9002 certificate. The other controlling body of their quality is Government Building Department, because they are approving every new product launched by Unicon. Now let's discuss step by step what happens after approval of the

blueprints. Production goes through some steps. These steps are: mould setup, pouring, finishing and mould stripping.

On the stage of mould setup, workers create mould; install reinforcement bars and prepare everything for further step. Next step is pouring. At this time workers pour the concrete into the mould. Concrete consists of mixture of water, stone and cement, which is delivered to the mould by crane. After concrete is poured into the mould, finishing step comes. Finishing step is different for different seasons. Fast curing needs heat, so in summer months curing process flows faster than in winter. Final step is removing mould from the concrete product. This is performed by vibrating it until the mould will separate from concrete. This step is usually performed on the next morning. After product is made it is delivered to the destination point. Some companies are constructing these products at the place, where building is built, but such approach has some big disadvantages, it can be delayed because of rain or shortages in labor force. Here, in Unicon we do not observe such problems, because all products are built in a separated site. Company management decided to capture the new opportunity of participating in building process of the blocks. They needed to extend their production capacity of slabs and facades. They could needed additional space for this issue and decided to increase factory space by 5000 square meters, but this process could not be completed within needed deadline. Inception of HKHA block building process was planned for next year. This date was deadline for Unicon to be ready for producing larger quantities of slabs and facades.

Mr. Li decided to use another approach. He decided to suspend production of

partitioning walls and stairs and produce only slabs and facades instead of them. Factory could return to production of stairs and partitioning walls after additional 5000 square meters would be added to the factory. This plan sounded good; however there was another option to reallocate factory space to for increasing production of needed goods.

Below is factory plan that will give us more detailed idea of how Mr. Li was planning to increase capacity of slab and façade production.

On this plan we can observe. That left half of the factory is dedicated solely to production of partitioning walls. They could allocate this space to production of needed products and capacity would be increased and after adding 5000 square meters to the factory space they could return to production of stairs and dry walls.

Mr. Li suggested other option. It was hiring more people and included one more shift. This could increase production quantity; however management was not sure that quality could remain the same. They decided to eliminate all risks and to implement first plan. I think this idea was good enough, because they probably had stairs and partitioning walls in their stock. These two products were produced in big quantities and stored in their stock. . One more option that I could suggest them if they need more space for production, they could shift part of their production to the places where superstructures were built. This could make their company more similar to other players of this market, but they could set competitive prices on such products and sales would not decrease.

Implications & Lessons Learned

So, what lessons did we learn from this particular case? First of all we saw company which has high quality management and that fact is proved by its incomes, product quality and certification. Their quality can also be proved by the fact that they worked with biggest twelve constructing companies in Hong Kong. We learned from this company how any big company should act to capture all chances of increasing income. In this case company suspended manufacturing of two their products to increase manufacturing quantity of others, because the other two products were demanded in high quantities. I think this was good idea, because it could bring more income and if their expectations would not come true, they could return to manufacturing stairs and dry walls any time when they need it. I think they could build or just purchase additional space for manufacturing additional good but this would cost a lot of money for this company and they decided to decrease any risks and try to start working with resources they already had. This is absolutely right approach from the point of view of operating and process management, because, as we already mentioned above, strong operating and process management is doing things effectively and efficiently while using as little resources as possible.

Summary

Now let's summarize everything that was said above. Unicon is manufacturing four types of products, with their particular strategy they cannot produce more, however demand for two of their products is increasing. Mr. Li has developed new strategy, how to satisfy increasing demand and developed "blanket" approval project. By this project was

meant that, once new design would be approved it would be used for next projects and would save time and money for the company. As Mr. Li estimated one project would bring company saving of 150 000 dollars and they were going to serve seven projects per year. By multiplying 150 000 and seven we are getting saving of one million and fifty thousand dollars. New strategy considered reallocating factory space to production of slabs and facades, on which demand was rising, so they would be able to produce more goods, which would be sold immediately. Additionally if the project would meet the expectations, Unicon would add additional five thousand square meters of area to the factory, so they would be able to return back to producing stairs and partitioning walls later. Mr. Li also estimated that profit margin of producing stairs and walls was much lower than the same of facades and slabs. So his preference of manufacturing facades and slabs was quite obvious.

Conclusion

In conclusion I would like to say that I absolutely agree with the strategy, which was developed by Mr. Li and management of Unicon. This was right decision from the point of view of general management as well as from the point of view of operations and process management. The other variant could be investing money in purchasing building for additional production but this would be expensive and risky. Introducing another shift was also mentioned in this case, but management considered it as risky from the point of view of output quality. This case showed us good example of how a good manager should act in rapidly changing environment, how should the risks and opportunities be assessed to maintain control over company.

Reference

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