

Brief background of the firm

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Transcom Group Limited is a large Bangladeshi business conglomerate. The businesses under this group include beverage, pharmaceuticals, newspaper, radio channel, electronics, foods, etc. which are almost around 14 companies approximately. Transtec Bangladesh Bulbs limited is the subsidiary side of their lighting industry. Transtec Bulbs Limited is one of the leading local lights manufacturer of Bangladesh. They are operating their business in Bangladesh since 1993. From the 1993-2006 they were the market leader of the lighting industry with more than 80% of the market share. As per recent analysis Transtec Bangladesh bulbs limited has only 25% of the market share whereas their competitor Superstar bulbs are having nearly 65% who are the late entrants after 2006. The cause of their current declining stage is because of late adaptation of technologies.

To emphasize our knowledge on Transtec Bulbs Limited we have conducted an interview of an assistant supply chain manager of their organisation. This interview helped a lot understanding their business strategies and production plant process. As per organizational policy, outsiders cannot visit the industrial area so we couldn't go through their manufacturing process. But Mr. Obydul the Supply chain manager of Transtec was discussed about their current situation, competencies, limitations and major decision making analysis to prepare this business case.

Critical situation that stimulated the strategic decision:

The functional activities of Transtec Bulbs limited are Assembling, packaging, advertising and delivering products to the retail stores. Among these 4 assembling the product is the most critical task of their overall

manufacturing process. We know Bangladesh has lack of resources and skilled technicians to produce electronic components or raw materials. Very limited number of electronic products are wholly produced in Bangladesh. Few local and international brands import raw materials from different country and then assemble it into Bangladesh. Transtec does the same job like others. The main components of producing light bulbs are Fluorescent, mandrel, Filament, tungsten, binder, wiring, glass tube and plastic body. Almost 85% of the raw materials they use can't be produced in Bangladesh. So they go for global purchasing and then import it to Bangladesh. Transtec imports their raw materials from China and India. We know for every global business understanding the foreign supplier is the determining stage. Keeping a good relationship with all the suppliers ensure long term business alliances. But choosing the right supplier is also a strategic decision taken by the higher authority of any organization. Suppliers are the major external stakeholders for any manufacturing business. The raw materials they import from China and India are not necessarily from the same supplier. Companies chose their supplier based on the criteria, specifications, pricing, convenient dealings and technological advancement. When Mr. Obydul was asked about their supplier's information he said these type of information's is very confidential and have to keep within employees only. But process of choosing the supplier and who makes the decision of selecting a supplier can be emphasized. Most of the suppliers of Transtec Bulbs limited are pre-selected and most of them have long term relationships over 10 years. But whenever technology requires to improve it's better to switch to another supplier who are offering new variety. Improvement of a product is

necessarily needed when consumers are demanding so or the competitions offering. When Superstar Bulbs- the leading bulb company in Bangladesh with 65% of the total market share first launched LED bulbs in Bangladesh it was a sure first moving advantage for them to grab the attention of customers. When Superstar bulb built an established market for LED bulbs Transtec notices the dynamic change of customers switching from Fluorescent bulbs to Led bulbs. Transtec decided lately to bring this product into their lineup. They started contacting with their pre-selected suppliers whether they are able to deliver the raw materials needed for making Led bulbs or not. And most of their previous suppliers denied for having not the latest technology in supply. These pre-selected suppliers never produced components used in Led bulbs. Transtec was in loop hole whether to listen to the market demand or the capabilities of their supplier. Because dynamic market was not in need of Fluorescent bulbs anymore. Technology has already shifted vertically and if these are not adapted declination of the brand is confirmed. Now the brand potential is completely depending on how they are going to adapt recent technology and sustain in the market. Whether they'll listen to their customer or existing supplier. To extend their product line up and launch LED lamps they must need to contract with the new suppliers who'll be supplying the LED bulb component at a best deal.

Mitigation strategy implementation:

As suppliers are of those major stakeholders related to any business organization, selection of adequate supplier is one of the major task to be decided by the top management of the company. We see a lot of ethical

dilemmas and unethical practices happening in the process of choosing the right supplier in Bangladesh. The shifting dynamics of technology required Transtec to select new supplier again. According to the interview we figured out a four step decision making process by which selection of supplier occurred in their organization. Four stages are following below:

v Research & Development: In the first stage a team of supervisor was send to Canton Fair which take place in Guangzhou, China to observe what suppliers are offering to the manufacturer. Here all kind of innovation samples are showcased for the entrepreneurs who want to develop products using them. During R&D Transtec supervisors gather information about specification, pricing, shipment deals, convenience. In R&D process supervisor meet various suppliers and different category of products. Depending on the manufacturing plant capability few suppliers are being shortlisted for further contact. Supervisors also bring some sample to the production to check the ability of the components. v Supplier Evaluation: In this stage, from the shortlisted supplier who are able to meet the production demand 2 or 3 supplier will be selected for further deals through evaluation process. Suppliers are being scored on different criteria such as price, delivery time, safety assurance, convenient global purchasing etc. And later, only 2 or 3 companies with the highest evaluation score are contacted for the deals. v Negotiations: This stage is the most challenging process in the decision making of supplier selection. Negotiation process settles the deal between Transtec and foreign supplier on convenient pricing, quantity required, quality assurance, delivery process etc. Most of the time Transtec conduct negotiation with various supplier so that it meets their demand. But,

the rule of their business is to select only one supplier for one component to keep the quality of the product uniform. v Strategic alliance: Once negotiation is done and deal is confirmed, Tranctec form a strategic partnership with the suppliers for keeping a long term relationship. Strong strategic alliance with the suppliers help them to manufacture better quality of products

and assure durability. Keeping good relationship with all the supplier also ensures Just in Time production. Ensuring proper Strategic management and planning within an organization is too much important for its growth and sustainability. Competitive advantage that they earn from the proper strategic planning that helps the organization to go ahead of their competitors. May be some company achieve their goal without any strategic plan but in most of the cases it plays a vital role. For the betterment of Transtec company, they need to adapt new strategies with the passes of time. As we have earlier mentioned, selecting supplier is a major decision of any business organization. In Transtec most of the purchasing decisions are taken by the top management to ensure transparency and reduce unethical practices.