Albatross anchor proposal

Business, Work

Introduction Processes and technologies have many variables; planning, analysis, designing and innovations. Albatross Anchor needs to become more effective with the opportunities and challenges in its operatingenvironment. Albatross' operating system must be capable of producing quality products (anchors) that are n demand within a time frame that is acceptable to the industry. Question One Based on the information presented in the scenario/case studydiscuss Albatross Anchor's competitiveness in relation to (please address all items in the below list and provide support for your conclusions): 1.

Cost a) Cost or Production: The first issue that needs to be addressed is; how much of the fabricating of the anchors could be outsourced? Albatross, a vertically integrated company has an antiquated andtechnology-deprived plant as well as non-compliant on safety and environmental issues. The factors that can make outsourcing desirable to Albatross Anchors are quality and speed. Quality, which is " standardization of parts, supplier certification, and supplier involvement in design can improve the quality of supplied parts. " (www. allbusiness. om) Speed of the supplier can produce the components quicker, with adaptability, flexibility and reliability then this is a time benefit for outsourcing. Albatross Anchors is lacking the production capabilities to output products in relation to the industry and customers demands. Outsourcing would be a benefit to the production of the customized and specific anchors and a valuable asset to put into action and still be able to keep the competitive edge. Albatross' ability to produce the anchors on a larger scale with fewer, less expensive costs needs to be implemented.

Technology, specialized trained employees and bulk purchasing are factors that contribute to the economic scale. An investment in specific technological production techniques would give Albatross more of a competitive advantage over other “ anchor” companies. Increasing production efficiency would allow Albatross to reduce the company’s expenses. Reduced expenses means more cash to spend on operational expansion. Experienced and a specialized skilled labor force would improve Albatross Anchor because the ore skilled workforce the more capable workers would be to complete complex tasks. Albatross could hire more skilled labor force to reduce the workforce for their competitors. The advantage of a more highly skilled workforce is to improve the economies of scales because they could produce more anchors in less time. b) Economies of Scale: The ability to grow and expand would lead Albatross to purchase materials in bulk. Bulk purchasing would allow Albatross Anchor to benefit from a reduced average cost per unit. Economies of scale refers to the decreased per unit cost as output increases. More clearly, the initial investment of capital is diffused (spread) over an increasing number of units of output, and therefore, the marginal cost of producing a good or service decreases as production increases.)” (www. uslaw. com) c) Cost of Raw Materials Sitting Idle in the Warehouse: d) Cost of Finished Goods Sitting Idle in the Warehouse: To stay competitive, Albatross needs to implement the “ Just-in-time” inventory control system.

This system identifies that a “ finished product should be produced just in time for delivery and the raw materials should be delivered just in time for production. ” (www. referenceforbusiness. com) The “ Just-in-time” system is

used so materials and goods never sit idle for extended periods of time. If products or materials sit for long periods of time in warehouses, Albatross is wastingmoneyand valuable space. Inventory management is another key factor for the success of Albatross Anchors. If Albatross wants to maintain an effective inventory of their materials, regular maintenance needs to be a priority.

Inventory maintenance on a regular basis needs to 1) review all transportation alternatives and how this affects inventory and warehouse issues, 2) do periodic reviews of inventory, especially raw materials and finished products to ensure that customers orders are filled in a timely fashion and 3) establish a review system for managing inventory to ensure that obsolete materials are disposed of properly. Success of Albatross Anchors depends on a successful inventory management system. 2. Speed of manufacturing process from order to finished product.

Albatross' manufacturing speed needs to be improved in order to stay competitive in the industry. Albatross Anchors would benefit from the use of a computerized production scheduler, this scheduler creates schedules for the production down to the very second. Using flowcharts as well as a computer-based scheduler will take the guess work out of production and increase speed so to improve the lead time, reduce inventories, satisfy customers and still stay competitive. 3. Flexibility in filling order(s):

Implementing a flexible manufacturing system would enhance and increase the speed of fulfilling the anchor orders of Albatross. The ability to easily make changes in the production of anchors would be a major strength for

flexibility in volume and product. The manufacturing flexibility has three components: 1) the flexibility to produce varieties of different sizes of anchors by using the same machines and producing the same anchors on different machines, 2) the ability to produce new sizes of anchors on the existing machines and 3) using the flexibility of the current machines to design changes in the anchors.

The present time, Albatross has dedicated machinery which lacks flexibility. Utilizing an FMS would produce benefit as less waste, quicker tool change, better control of quality, efficient uses of machinery and labor force, reduction in inventory, faster shipping and receiving as well as reduction in expenses. 4. Technology Technology in manufacturing operations is a vital part of the success of Albatross Anchors. Implementing automated and flexible manufacturing systems can aid the company to make collaborative decisions about the production of specific and different anchors.

Applying current process, manufacturing, product and information technologies will benefit Albatross to supply employees, suppliers and customers with the best output for their marine craft, whether large or small. 5. Capacity and facilities The current facility layout for Albatross is inefficient for several reasons. The current flows of work, materials, receiving/shipping are not grouped together. Albatross can reduce manufacturing costs and improve profitability by improving the plant layout.

Product layout would be the most beneficial for Albatross Anchors. This type of layout is an assembly line and workers have their stations with tools, materials to complete the manufacturing process for the anchors. Once the

anchors have been manufactured, shipping them to a warehouse for storage is the most effective way. Product layout has a sequential arrangement of manufacturing processes, a continuous mass production and assembly, special equipment, a fixed path for material handling, balance for scheduling and efficiency.

Implementing the product layout for Albatross will; 1) minimize material movement, 2) minimize the cost of handling materials, 3) provide work flow in an orderly and efficient manner suitable for the repetitive operations of manufacturing anchors. 6. Service to customers (what types of services would an anchor company provide to marine wholesalers? In any organization, service that is provided to customers must be held at a high standard. Exceptional service will generate a return of customer and profitability.

Services that a marine wholesaler would look for would be; databases for products and manufacturers, on-time delivery, cost effective and efficient supply solutions as well as understanding customer’s requirements. “ Technical expertise, alliances with strategic partners, logistics, supply chain management and specialized outsourcing provides strength to customer base. ” (www. anchormarinesupplies. com) Question Two There are many ways that mushroom/bell anchors may be manufactured.

Albatross Anchor is considering two new manufacturing processes (Process A and Process B) to reduce costs. Analysis of the information below will help determine which process has the lowest breakeven point (this validates the process is more cost effective). For each process the following fixed costs

and variable costs are identified below: | Anchor and Process | Process A | Process B | | Sale price per anchor |$ 42. 0 |$ 42. 00 | | Total Fixed cost |$ 650, 000. 00 |$950, 000. 00 | | Variable cost per anchor |$ 36. 00 |$ 29. 99 | Based on the information in the table above complete the table below: Anchor and Process | Process A | Process B | |(a) Fixed costs per anchor | 3, 900, 000 | 11, 409, 500 | |(b) The total number of anchors to attain | 108, 334 | 79, 101 | | break–even point for Process A and Process B | | | c) Based on your calculations which Process (A or B) that you would recommend for adoption (you can select only one). Please make sure to explain how you arrived at your conclusion. I would recommend Process A for Albatross Anchors. The fixed costs per anchor are lower than the total fixed costs which would generate a profit for the company but, the number of anchors to manufacturer is greater. Producing a larger number of anchors is a benefit when Albatross purchases bulk materials for process A.

If Albatross can produce a large number of anchors on a monthly basis with lower production expenses then the company will turn a profit. Process A has the factors that all management supervisors want, low costs with a high number of products coming off of the production floor. Conclusion Albatross Anchors has the abilities to mass produce anchors for small, medium and large marine vessels. Albatross Anchors is a company that began in 1976 and has grown rapidly.

In order for the company to make a large profit, the plant needs to be updated with technology, expand the production of the anchors and be a more friendly manufacturing environment. Providing exceptional service to

customers, updating the facility, technology, flexibility with fulfillment of orders, speed of the manufacturing process, cost of production and materials as well as utilizing inventory, Albatross can become competitive once again.

Through enhancing the manufacturing processes, Albatross Anchors will be the leader in the manufacturing of anchors in the future. References Evans, J. (2005). Total Quality Management, Organization, and Strategy, (4th Ed.). Thomson, South-Western. Wilson, Dennis R (2004, March 22). Outsourcing Production and Jobs: Cost and benefits.. Retrieved May 10, 2011, from http://www. allbusiness. com www. uslaw. com www. anchormarinesupplies. com www. referenceforbusiness. com