

Steinway and sons essay sample



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1. What accounts for Steinway's reputation as a manufacturer of High Quality Piano's? Ans 1:

Steinway has a reputation for creating high quality products. The company's products score very high on 5 dimensions of quality, Performance, Reliability, Durability, Aesthetics and Perceived quality. The factors behind the high quality products of Steinway are

1) Steinway maintained a good relationship with artists, and had a list of approved artists who were eligible for Steinway Concert service under which the company provided pianos at all concerts. Their relations with acclaimed artists helped improve the image of Steinway. Also, Steinway used the talents of these artists as testing grounds for its pianos, which helped maintain the quality. Steinway also sought after gathering testimonials of famous pianists and wealthy patrons who use their products. 2) Steinway employs highly skilled labor, many of them in the business since 2 or 3 generations. The company also offers various training and internship programs to improve the skill level of the employees. Thus, quality handcraftsmanship and innovative techniques were part of the tradition.

3) Steinway works with the best raw materials for its pianos. The company hired wood technologists who would locate fine quality wood from around the world. The emphasis on quality was so high that all weathered wood was discarded, even if it was more than half of the total. 4) Continuous Improvement/Innovation: Steinway has constantly innovated and improved its production techniques and components to improve quality. It housed a R&D with a budget of about \$250k to develop better methods and material.

5. Shaping operations that were manually performed in a dozen steps & often reworked to achieve the quality joints Steinway required 6.

Recognition: Gold medal from the American Institute Exhibition, Grand Gold Medal of Honor for excellence in engineering and manufacturing at the Paris Exhibition 7. The company's 120 patents became the eventual standard for piano manufacture

2. Clearly explain the factors (like Cost, Quality, Raw material procurement strategy etc at least 7 factors) that differentiates different types of Steinway products? Ans 2 :

Steinway's & Sons provide a wide range of pianos with different types of raw materials to provide an enhanced quality and cost effective pianos. They had main market in the Grand pains rather in the vertical pianos. The grand pianos were offered in five sizes and vertical in three. Including variations in cabinet styling, types of wood and 27 different products were available.

Certain factors that differentiate different types of Steinway products are as following they had very strict instruction and regulations in selecting the raw materials for eg different woods were selected from different places in making of the product like Rosewood from Brazil, mahogany from Africa and Sitka spruce from Alaska are few places from where raw material was procured. Also due to the research and development department new methods of construction, new design, new materials came into existence. For eg instead of using the cabin makers glue they used urea resin adhesive bonded by ultrasonic heat which helped to hold the steinway together. The firm also replaced the ivory keys with plastic keys which not only accounted for sound but also for the design.

3. Which are Order winners and Order Qualifiers?

Ans 3:

Order winners are the performance dimensions that differentiate the company's product and services from its competitors. In simple terms it gives the competitive advantage from other companies and in turn gets the attention of the customers. In the Steinway's case raw material mix and crafts methods strategy have more focus over details and standards of the products.

Order qualifiers are the characteristic of the products or services keeping in mind that the product can be considered by the customer i. e it is fit for buying or not. In the Steinway's case product durability and its multi-utility product design provided to customers at low cost made them as Order qualifiers.

4. How does Steinway's strategy compare with that of its major Competitors?

Ans 4:

Steinway's strategy differs from its competitors in terms of its market focus and production style.

1) Focus: Steinway has focused on manufacturing grand pianos which at a price of over \$25, 000 catered to the high-end market. While 25% of grand pianos sold in the US were produced by Steinway, its share in the upright piano sector is just 2%. As a result, Steinway, even though was market leader in terms of quality, accounted for 15% of piano sales in 1980. 2)

Production style: Much of Steinway's production was done in craft style while many of its competitors had employed assembly line like production style. This resulted in high lead time (2 years) and high backlogs. Also Steinway

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emphasized a lot on skilled labor which was hard to maintain, whereas the Japanese competitors like Yamaha automated most of the manufacturing process to reduce dependence on skilled labor.

3. Research and development were also important at Steinway. New methods of construction, new materials, and new design features often originated with the firm.

5. Explain Volume Variety Matrix and Steinway's different types of products and the people, process of manufacturing and technology they adopt to be a leader in Piano Manufacturing operations . Ans 5 :

The volume variety matrix represents the methodology adopted for manufacturing of the product . This can be represented in plotting product quantity along with product variety. Manufacturing process can be classified under process such as continuous production, mass production, batch production, job shop. Products and people: piano soloist in 95% classical music concerts used grand pianos. Major schools and conservatories showed fondness for Steinway's pianos; process took 2 years to manufacture a Steinway grand.

Technology: Both assembly line and handwork was done. Steinway was known for its craftwork as majority of the manufacturing and assembly was done by skilled labor.

Process: The work which was unimportant were put on assembly line and rest of the work was handcrafted. The process also included Furniture making and piano making operations and the whole. Manufacturing

operation at Steinway could be divided into two parts traditional woodworking operation related to furniture making and manufacturing and assembly activities related to piano making Two years were required to manufacture a Steinway grand one year to dry lumber and one year for actual manufacturing Lumber came from various sources weathered outdoors and then dried in large kilns with recently installed computer controls After drying the furniture making process began. These included cutting the pianos case and sounding board, bending the rims for grand piano and the fabrication of piano actions.

6. Should Steinway introduce the Model K VERTICAL Piano? Why or Why Not?

Ans 6 :

Steinway is currently catering to a high-end market that emphasizes on quality. The upright model will cater to relatively lower end of the market. Steinway plans to produce a 50 inch high model since it would produce music which is closer in quality to a grand piano. However, according to the 1961 market study, most of the customers find it difficult to evaluate the quality of music from a piano. Hence a customer would find no difference in the sound quality of Steinway upright and a Yamaha piano. Also Steinway is not an established brand in the upright piano segment. With the current craft style of production with high paid skilled labor, Steinway will not be able to match the price or quantity of Yamaha and other competitors. Hence, Steinway should work on improving its production capabilities before introducing the Model K. Adding on; for model K, single individual workers were taken out from the piano making operation, thus reducing the skill set for other products, leading to possibly limited resources.

7. What other advice would you give Peter Perez as a Strategic Business Unit(SBU) Manager concerning : a. His responsibilities “ downstairs” to Steinway :

Peter Perez’s responsibilities with Steinway lied in the fact that Steinway was a company which was proud of its business methodologies as well as production strategies. Perez had a responsibility of negotiating with the other top management in Steinway, while making sure that the heritage and culture of the craftsmen was maintained, so that the balanced ecosystem of quality and creativity was not changed drastically for reasons of creating more profit from the same resources. Perez had to understand that even though companies like Yamaha had fully automated construction and assembly plants, Steinway was renowned for its hand-crafted Grand Pianos, and this was the underlying factor to Steinway’s quality and success to date.

A sketch of his noted responsibilities, with regard to Steinway, is described below : Peter Perez was a people-oriented business leader working at CBS for Steinway. He hoped to eventually expand Steinway’s output, although his major short term goal was to improve the current business process. His main focus in production of products was quality. Since Steinway was known for its high quality and precision instruments, it would be foolish to jeopardize that franchise. He was not only the conservator of the company’s revenue but believes that Steinway’s quality will remain paramount. Peter manufactures product downstairs to Steinway’s traditional strategy of building with unstinting attention to details and standards with no headlong rushing in distribution.

Thus, all the products assembled at Steinway's Long Island plant were based mostly by hand-crafting, and not by using an assembly line. This was a qualifying factor for higher precision, as well as keeping the brand name up because of the method of its production. Research and Development was important to Steinway, i. e. new and improved processes, designs, and the ever-lasting search for finer quality materials was a continual process at Steinway. John Steinway's belief was that stress was to be laid on "intelligent synthesis", compiling the foremost of everyone's previous experience into an idea which would lead to a better product design. Perez's role was to incorporate this idea into long-range planning as well as business development, as in the case of re-introducing the new and improved Model K. It was Perez's job to gain facts and figures of whether the lower-end Model K would actually be a market-enhancer, or just act as an anchor to the sales of the more expensive Grand, and cannibalize on the profits of the company.

b. His responsibilities "upstairs" to CBS :

Regarding Peter Perez's responsibilities with regard to CBS would be to wait out, and fix, the business slump by re-engineering degrading processes like quality control, productivity, etc. and once the company is back on track, then think of making game-changing decisions like the introduction of the Model K and other relevant decisions.

This was noticed based on the following details regarding Peter Perez and his relations with CBS and Steinway :

Peter Perez was an executive with extensive experience in the music industry. When he joined the CBS Musical Instruments Division, he was given

a job of long-range planning and business development. However, noticing his preference for operating issues over planning, he was appointed as the President of Steinway.

For Perez, it was a matter of improving Steinway by finding out production flaws and taking game-changing decisions, such as the re-introduction of the long-discontinued Model K Piano.

The parent company, CBS, was well-informed that it would be a breach of 120 years of reputation and quality if CBS tried to modify the working environment of Steinway to yield more products than what was comfortable with the company. This was where Perez's role was crucial, to maximize profits while keeping the traditional business process of Steinway intact, and continue giving the craftsmen a homely feel to their jobs, while possibly improving their productivity, and hence the output of Steinway.

In one situation, when Perez, the first CBS-appointed president of Steinway, tried to make a change by keeping some workers on alternating week shifts so as to solve quality issues, a few of these workers left Steinway for jobs elsewhere. Thus, it was a complex learning process for Perez to help CBS churn out more butter from Steinway.

On several occasions, Perez had to confront the Steinways with facts and figures versus the gut-feelings of the Steinways, that whether the re-introduction of the Model K would be a profit-gainer for the company or not. This was all done by Perez while balancing the interests of CBS, and maintaining the value system upheld by Steinway.