

Project report on working capital managment

[Business](#)



Operations Management Session I - Introduction - Operation Strategy - Competitive Advantage - Time Based Competition By D. G.

MehtaB. E. , DMS, MMM PPT 1 / 9 [pic] PRODUCTION MANAGEMENT

(TRADITIONAL APPROACH) BASIC FUNCTIONAL ROLE (Objectives) 1)Fully utilise man & machine. 2)Low Production Cost (Maximum Profit) 3)Production Planning & Control. 4)Control and reward people 5)Wastage Control.

DETAIL FUNCTIONS 1)Inventory Control 2)Scheduling production run

3)Maintenance Programme 4)O & M 5)People Assessment & Award 6)Plant

Layout)Locations PPT 3/9 [pic] REASONS OF NEW APPROACH (Shift from

Production Management to Operation Management) In 1993, Prime Minister

Narasim Rao's Government signed the General Tariffs ; Trade Agreement

(GATT) with W. T. O. USA. Due to this, Government took the following measures for liberalisation of Industry in our country.

1)Heavy Reduction in Import Duty. 2)Foreign Equity Participation.

3)Elimination of Industrial Licensing System. 4)Encouraging Monetary and fiscal policy. 5)Introduction of SEBI and other financial measures.

All above resulted into import of equipment, raw materials, components etc.

very low prices. Also their features, specification quality etc. are far superior

than indigenous products. Products are readily available with goods service

back up. Above has totally changed the business environment of the

Country.

This has compelled indigenous manufacturer for quick changing of products

with very low prices as well as competitive quality. Hence the traditional

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production system was required to be re-oriented to fast moving demand for the products.

This alignment of production system viz-a-viz realignment of HR Finance Marketing is called operation management. PPT 5/9 Strategies of Operation
Due to the total change in the environment manufactures were required to compete the good products with low price and the ready delivery by evolving a strategic business development from marketing to operations by the cost leadership and differentiation strategies Differentiation strategy : This calls for following changes in the new operation management. .

New product design. 2. Attractive product mix. 3. Volume discount 4. Quick delivery 5.

Quick response to new requirements. 6. Quick new product development.

Above differentiation strategy when incorporated from marketing to operation management then ultimately following alignment advantages are available. 1. Reduction in operation lead time.

2. Improvement in quality of products. 3. Improvement in maintenance 4. No postponement in schedule.

PPT 6/9 Cost Leadership Strategy

Working on price reduction of product is called low cost leadership. This new approach gives alignment to operation management. It is compared below :-

Old Approach	New Approach
Cost control	Eliminate non-value addition activity
Budgetary Control	Improve quality of design
Inventory	Reduction in
Improvement in process	Reduction in investments
	Reduce

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investment | | | Improvement in technology | Operation Alignments :

1)Improved Response -Reduce manufacturing time through fewer operation.
 -Access through better location. -Timely response)Reduce price -Better design -Overall improvement in production 3)Improve Quality -Improve technology -Training worker -Simplify procedure. PPT 7/9 Competitive Advantage By doing SWOT Analysis on organization and thereafter improving the weaknesses (and thus converting into strength).

Now competitive advantage is created for organization. The functional areas other than operation management are described below for strengthening. HR -Attract talented engineers and technician by improving corporate name. By imparting training to technical people -By training and development for attitudinal changes R ; D-Design a new product -Design a new process Logistic-Quick movements by improvement in logistic -Improving storage and delivery facility. Finance and account -Raising fund for new products - Supporting internal..

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Time Based Competition Meeting competitive requirement in following circumstances -Price competition -International quality competition -Short delivery time -Good after sales service

Meeting a short delivery schedule of new requirement of customer has become essence of new market requirement. Illustration : Dabur introduce new product every Monday (in a span of 6 weeks) PPT 8/9 SERVICE INDUSTRY Service Industry phenominally expanded in last 10 years. Illustration : i)Telephones installations from 0. 6 telephones per 100 persons <https://assignbuster.com/project-report-on-working-capital-managment/>

to 6 telephones per 100 persons increase in last 10 years. ii)Transportation business increase 25 times in last 10 years.

iii)Tourism business increase 10 times in last 10 years.

Following are reasons for increase in business :- 1)Considerable increase in gross domestic production value (GDP) 2)Above increase in economy resulted into substantial disposable income (purchase in power increase) 3)Due to change in life style like wife ; husband both working in family which resulted into new services and substantial increase in existing services. 4)Leisure requirement has come up like enhance tourism, sports, health care, medical check-up etc. Product and Service Differentiation Product | Service | | Tangible | Non tangible | | Quality Standard | Experience | | Inventory | Stocking not possible | | Long time for manufacturing | Short time for servicing. | No involvement of customer | Complete involvement of customer | Illustration : 1. Transportation service provided by Indian Airlines 2.

Tourism service by Indian Tourism Development Corporation (ITDC)