

Swisher systems

[Business](#)



SC is an innovator of flexible heating products, particularly with its knit and braided heating element. The heating element consists of a multi-stranded resistance wire which is knit and braided with fiberglass and is the center technology for most of all the Swisher Systems' products. Swisher is also known in the heating industry as being the highest quality flexible heat supplier which manufactures control devices and heating cable.

SC holds overall patents that support the company in sustaining market share. The patented grounded heating element provides extra safety that their competitors heating element cannot provide. Mike Watkins is the director of purchasing for Swisher Systems Corporation and is the sole purchaser of procuring all materials for the company. Mike has over thirty five years of industrial purchasing experience with some of that experience gained prior to joining Swisher Systems Corporation. Bill Simpson from engineering has questioned Mike on the prices of various capacitors that he uses on his product.

Mike has tried to explain to Bill the pricing tragedy with the suppliers and how his responsibility is to look at the overall budget and not just one area.

Analysis After reading through the case study for Swisher System Corporation, I am aware that all SC products are solutions to industrial heating applications. SC also manufactures fifty percent standard products and fifty percent custom orders. Their custom products can be used for any industry that would require heating products. A few examples of industries that these could be used for would be medical, food processing, petrochemical and others.

The largest contributor of Sac's sales is the Lott heating Jacket; which is more expensive compared to their competitors. The competitor's product is a silicone heating Jacket which is machine manufactured; whereas, Sac's cloth heating Jacket is labor extensive and is hand sewn which required a skilled person to sew these which adds cost to the product.

Even with the cost associated with the cloth Jacket it still is the largest revenue producer for SC. Mr.. Watkins is the only person in Purchasing; therefore, he performs all the necessary tasks required to procure materials for SC.

Mr.

. Watkins has five essential 2. Quality 3. Value 4. Responsiveness of the supplier's organization .

Financial stability Mike also views partnerships as a vital part of materials management and purchasing. Mike has taken the time to get to know his suppliers on a personal level which helps when he needs materials on a short notice. Even though he has personal relationships with the suppliers; he still is stern and fair in negotiation which is accomplished through honesty and integrity. On a daily basis, Mr.. Watkins sends out roughly fifty purchase orders to his suppliers.

The basis of his MOM purchase decisions are as follows: 1) MR. action report - This report is on average 8 - 10 pages long and is developed from the SASHIMI system. Mr.. Watkins manually reads this report and determines his MR.

system report actions which are based on the below: a) Cancel: indicates no purchase is required b) Purchase requisitions: indicates a purchase order should be placed. C) Slide: indicates purchase could be pushed back. D) Short: indicates no open orders and parts are needed and suggested order date is due.

Additionally, Mike prints out a materials analysis report which is approximately 80 – 100 pages which he manually read and sorts out requirements with different suppliers and then creates the purchase orders for each supplier. Mr..

Watkins has also stated that the SASHIMI has its limitations on listing the primary and secondary suppliers; which creates problems later down the road. Therefore, he manually controls which suppliers get the business. After he completes his manual analysis, he then prioritize which suppliers should be called first. Mr..

Watkins manually phone, fax or email the purchase order to the suppliers.)
Current inventory level – Every few days, Mr.. Watkins performs a detailed analysis of inventory. He looks for trend that could establish larger-volume buying or reduction in inventory that the MR. action report would not recommend.

There are times when volume discounts apply and he consults with the CUFF of SC to determine what the most profitable alternative is for SC. The decisions are always made by Mr.. Watkins and the CUFF. 3) Interaction with people who use the part – Mr.

. Watkins frequently visits the plant floor and talks with the workers to see if there are any concerns with materials.

If a need exists, a requisition form is filled out and the purchase will be made. These requests are usually from members of the engineering team and each engineering manager is responsible for forecasting, quality, and controlling cost for his/her specific section. This routine is done every day which takes up quite a bit of Mr..

Watkins time also is using quite a bit of paper. Even though the SIMI 4500 MR. program prepares the report, Mike relies on his memory to make most of the decisions. Swisher utilizes an inventory requisition form that is manually completed by anyone who removes inventory from the stockroom.

This relieves the inaccuracy in inventory as materials are moved in and out during production; which could be missed by the system. Another area of concern with the SIMI 4500 system is that it Another area of concern is that the database that Swisher uses has over 1, 000 appliers, but only 150-200 of those suppliers are active.

Mr.. Watkins prefers using multiple suppliers rather than a sole supplier due to uncertainties that can occur when a single supplier cannot fulfill the requirement which then causes him to find an alternative supplier that has been cut-off from the supply chain.

Mr..

Watkins also mentions that he prefers to pay the premium to have stable suppliers. He also stated having a good relationship with the active suppliers
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is not impossible or expensive. Mr.. Watkins also uses his Judgment, intuition, knowledge and network to qualify a supplier. Mr.

. Watkins also believes that to be a skillful purchaser that you must be a great negotiator. He also mentioned that you must be honest and have integrity to get respect from the suppliers. If both purchaser and supplier are honest with one another then trust is built.

Every purchaser needs to become an expert on what they buy as it helps with negotiation with the suppliers.

Conclusion To conclude, I think Swisher System Corporation is at risk having only one person purchasing for the company. If something would happen with Mr.. Watkins the purchasing agent, the company will be in a crisis since he is the only person handling he purchasing function at SC. Most of the work done by Mr.

. Watkins is done manually and is very labor intensive. The work done on a daily basis is very tedious and time consuming.

The SIMI 4500 system does not provide the data needed for their daily operations. Therefore, I would recommend that SC looks at changing their MR.

and purchasing processes to simplify the daily purchasing function and to fit their business needs. Another area that SC could implement with their suppliers would be the Just-in- time TIT) system. Even though Mr.. Watkins stated that most suppliers don't charge IM an expedite fee; SC could reduce inventory if they would utilize the KIT system. Currently they carry \$12, 000,
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000 of inventory at any given time which gives SC approximately two inventory turns per year.

With KIT this could reduce the inventory amount and also increase the inventory turns where inventory is not being held as long. I would also recommend that SC look at a new system that creates the purchase orders and submits them electronically instead of having Mr.. Watkins manually do all the work. This would save time where Mr.

. Watkins could use to negotiate better deals with the suppliers and also would save on paper. Today, all purchase orders are printed out and either faxed, mailed or a phone call made to the supplier.

With going electronic you will save money from reducing paper and faxing to the supplier. To end, SC must employ another purchaser and go electronic to make the Job easier and less manual.

Also, a new system needs to be implemented to make the process of purchasing easier and have it do everything electronically instead of manually. It will also be easier to train another associate on the process of purchasing material.