

# Riordan manufacturing, incorporated essay sample



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Riordan Manufacturing, Incorporated is a leader in the field of plastic injection molding. The company creates innovative designs of plastic earning international appreciation. A key to Riordan's success is the company's focus on risk management in the contractual process. Inherent within this procedure are the procurement procedures for goods and services which include the standards materials, engineered materials, and equipment necessary to complete projects" (Ch. 1). The purpose of risk management in any area of management is to identify, address, and eliminate services of risk before they become threats to the success of a project (Alleman, 2002).

Riordan Manufacturing utilizes a decision model and considers multiple decisions, which

are factors in assessing their risk for suppliers for procuring goods and services and making contractual arrangements. If at anytime they discover a supplier has been dishonest they will be disqualified. The following steps considered by Riordan in risk assessment as defined by a cross-functional team from purchasing, quality, engineering, production, and materials management are outlined:

1. The supplier must have experience and past performance with the product and/or service to be purchased;
2. relative level of sophistication of the quality system, including meeting regulatory requirements or Riordan-mandated quality system registration;
3. capability to meet current and potential future capacity requirements and at the desired delivery frequency;

4. financial stability of the supplier;
5. technical support available and willingness to participate as a partner in developing and optimizing design and long-term relationship;
6. total cost of dealing with the supplier (material cost, communications methods, inventory requirements, incoming verification required), and lastly,
7. the supplier's past track record for business performance improvement.

An asset to the risk management in the contractual process for procuring supplies is the cross-functional team. The team members consist of personnel with technical and applications knowledge of the product or services to be purchased, along with members of the departments that will use the purchased item or service.

According to Alleman (2002), risk can be addressed as crisis management, fix on failure, risk mitigation, prevention, and elimination of root causes.

Listed below is a short description of each by Alleman (2002):

- Crisis management - fire fighting, address risks only after they have become problems.
- Fix on failure - detect and react to risks quickly, but only after they have occurred.
- Risk mitigation - plan ahead of time to provide resources to cover risks if they occur, but do nothing to eliminate them in the first place.
- Prevention - implement and execute a plan as part of the project to identify risks and prevent them from becoming problems.

- Elimination of root causes – identify and eliminate factors that make it possible for risks to exist at all.

Riordan chooses to use both prevention and elimination of root causes. They identify potential problems early and eliminate the risks. Riordan Manufacturing, Incorporated is attentive to detail, quality control, and precision. As a result they remain a leader in the plastic injection moldings industry.

## References

Alleman, G. B. (2002). Information Technology Risk Management:

*The Concept of Risk, Its Management, and the Benefits to an IT Project :*

Nivot, CO:

On the internet at: <http://www.niwotridge.com/PDFs/Risk%20Managment%20Combined.pdf>