

Otis case

Business



Management Team 1 Paper Topic: Otis Elevator Q1 .

What kind of company is Otis? The Otis Elevator, a subsidiary of the United Technologies, was founded by Elisha Graves Otis. Ever since the first ' safety-brake elevator' being sold in 1853, Otis has been the leader of the elevator industry for more than 150 years. The core business of Otis is to design, manufacture, install elevators, escalators and moving walkways and provide services worldwide. With its engineering headquarters located in Farmington, Connecticut, its facilities cover some Asia and European countries such as Japan, China, France and Germany.

Otis is an international business with worldwide approach of markets and employees over the world.

By 2010, around 85% of the 62, 000 employees work outside the United States and its products cover more than 200 countries Throughout time Otis has undergone several transformation stages which push Otis from simply a product- selling company to a customer-focused giant providing total solutions to its customers. Otis aims to become the recognized leader in service excellence among all companies, not just elevator companies, worldwide. Q2. What are the sources of income of Otis?

As an international business, Otis earns income worldwide. By 2006, the revenue of Otis reached 10. 3 billion USD in which 80% of it was collected outside the United States with customers include universities, hotels, hospital, airports and convention centers.

Otis earned revenues mainly from two ways: selling new units of products and providing maintenance services. In more mature markets like some European countries, service accounted for about 75% of profits where in emerging markets like China, the profits are almost entirely built on new sales.

As the United States and Western European elevator markets were mature enough that the growth in new elevator sales now relies mainly on emerging economies. This can be seen by 62, 000 units of elevators and escalators were installed in China in 2002. As more elevator service companies exist, it is common for elevator manufacturers as well as Otis to offer discounts for long-term service contracts.

Another practice is to bundle up to a year of service for free with a new elevator sale in order to attract and maintain customers.

Although there is a tough competition regarding the ability to satisfy the elevator performance specifications and architectural requirements, price, reputation and past performance, Otis is still highly profitable. Q3. Before 1986, imagine how did Otis report an elevator failure? How hard do you think installing Otisline was in 1990? As shown in the case, service personnel were dispatched from local offices. There was no central view of service delivery, response time and cumulative product issues. Before 1986, Otis might outsource the call- center/customer service center to another company.

If a customer called the hotline to report the failure of elevator, the service personnel might just write down the customers' information, and then contact Otis and ask a maintenance worker to deal with the problem. After <https://assignbuster.com/otis-case/>

the maintenance finished, service man may ask the customer to fill a form and file the maintenance form. Then, maybe weekly, Branch/Field Offices reported the failure records to the District Offices, or even just reported the parts which they thought essential. And maybe monthly, District Offices reported the failures (or just reported the critical parts they thought) to the Zone Directors.

Then after analyzing of the failure records, Zone Directors reported to Regional Offices and finally to the NAO President.

Thus, it took a long time when the failure occurred and it got known by the senior managers. Besides, there was no standard evaluation of service performance, and there were no requirements about what kind of failures, what kind of service problems, what level/degree of problems should be reported to senior managers. Failures reported to upper levels were based on different persons' analysis.