

# [Karnataka engineering company case study essay sample](https://assignbuster.com/karnataka-engineering-company-case-study-essay-sample/)

We would like to express my deep and sincere gratitude to Professor Dr T A S Vijayaraghavan.

His guidance & teaching have given us the knowledge to not only understanding the concepts of SCM , But also how to implement those into practice. We have tried to use his teachings in this work. His in-depth knowledge, sense of humor, patience and endeavour to teach has been invaluable for us for which we are grateful and honored.

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Overview of Karnataka Engineering Company (KEC)

➢ Company entered the 2 –Wheeler industry in 1981 with Moped production.

➢ In 1983 the scooter production.

➢ The manufacturing plan is in Raichur.

➢ KEC has 19 branches spread all over India.

➢ Operating expenses of a branch is estimated to be Rs 17000 per month.

➢ Minimum throughput that would justify setting up of a branch in any state would be Rs 4. 25 Lakh per month . This translate into 78 Mopeds or 33 Scooters per month or any other combination.

➢ Marketing office is located in almost every state.

➢ Transportation of Mopeds & scooters are by specially adapted trucks with a capacity of either 80 Mopeds or 50 scooters or combination of both. This primary transportation is organized by the central marketing officer of Raichur.

Distribution in Andhra Pradesh

➢ There are two branch warehouses at Adoni & Mahbubnager.

➢ These branches location were selected , as these were the first major towns in AP

➢ The marketing office is situated in Hyderabad.

➢ Hyderabad office collates the orders & issues instruction to Adoni & Mahbubnagar for secondary despatches.

Some Figures & Data..

➢ Monthly avg. sale in Jan-Jul 1988 in Andhra Pradesh was Mopeds 1925 & Scooters 288..

➢ AP contribution in Jan-Jul 1988 is around 5. 3 % of KEC’s total Moped sale & 3. 6% of total scooters sales.

➢ Sale in AP during this period is around 14. 33 Million PA.

➢ One scooter was taken as equivalent to 1. 6 moped units.

➢ CST consider is 4%.

Questions for Discussion.

At what volume is the opening of a warehouse in a state Justified primarily on the grounds of the 4% CST for transactions across the states.

How many warehouses do you think are required for distribution of KEC’s product in AP ? What would be the candidate locations of the warehouses be? What would be the criteria on which to select the candidates?

Determine the optimal selection of the warehouses & the best allocation of the demand points of the selected warehouses?

What are the best choices for shipment size from warehouses to demand points ? Given size , what routing would you recommend for a typical dispatch run?

Analysis

By using the Logware software we will first check how many warehouses are optimal. & what will be the best allocation to each warehouse.

The Input for Logware will be

1. The coordinates in ( X, Y) of the Places in Andhra Pradesh .

2. Moped off take & scooter offtake equivalent of Moped offtake (1. 6 times)

3. Rate Rs per km.