

Enhancing Operational Sustainability at K-tech Engineering

Introduction

K-tech Engineering established in 1989 under tutelage of Mr. Rao has maintained a significant position in Compressed Air Treatment industry. Located around 25 to 30 km from Pune, the company claims to serve varied range of satisfied clientele over the 34 years of its operations. The company is now looked after second generation of entrepreneurs Ms. Richa. She is metallurgical engineer herself had long career in top engine manufacturing company as supplier quality engineer and worked in R& D also. For past 7 years along with her younger sibling has now taken the helm of the company. Along with 3 skilled and 3 unskilled workers K-tech Engineering banks upon high quality low volume products and has prominence in the field.

Issues faced by K-tech Engineering

Ms. Richa has greater ambitions and has recognised that company even though has maintained a stable position over the years, the financial standing as compared to other companies has become stale. With only turnover of 50 lakh as compared to similar other manufacturers with turnover up to 5 cores and more, Ms. Richa seeks a consultation and a professional help to grow her company on par with the industry. She has had made some observations herself and listed improvement areas like is to be made inventory management, workforce management, avenues to make more investments.

Prima facie observations

Ms. Richa feels that companies with similar profile to K-tech Engineering operating in same area with high financial standing and turnover. These companies are star rated as compared to K-tech Engineering even though they have been established later. This gives a negative perception to a potential customer of K-tech Engineering if they use popular B2B website to place orders. Marketing seems very meagre for the company and Ms Richa is upset. In most product categories the company doesn't even break the top 5 list which makes her more depressed. The product might not even be looked by a customer if they use such B2B websites as rating plays a major role in decision making. The company has limited products and Barring Dry Nitrogen Purging Unit and BioGas Purification Package has no differentiated product. The turnover is less as compared to its competitors even though the human resources involved is same. Maybe the scale of operations is not as huge as its competitors or maybe the orders received are lesser. A focus is made on Non-Disclosure Agreement in their description of company however this is mandatory and do not stand as selling point.

Internal Issues

Ms. Richa who has recently joined office full time has unearthed various issues pertaining to the obsolescence of the company. It was inferred that the company is heavily dependent on one customer namely ABC Engineering in Pune. They have no other significant customers as such nor have developed one over the years. This might be due to the fact that Mr. Rao didn't have a long-term sustainability plan for the company. The company currently does not have structured business development programs and mostly rely on word of mouth or long-term client relationships. These signs are signifying as to why the company has low turnover and Ms. Richa even attributes to the fact that she has less knowledge of management side of business i.e. tactical area. For example, the company doesn't produce machine parts but procure them only when there is an order. It has various issues which are linked to each other and making situation more complex to handle now. Ms. Richa feels for such a premise inventory management should have been an easy task but it is not the case. This is because the company has no human resource management plan or a proper production plan. The workers fulfil order as to their liking, thereby increasing not only lead time but also increases the inventory.

Conclusion

As of now the company requires to take some drastic steps in order to sustain leave alone increasing their profits. From Exhibit A we can interpret that turnover of company has reduced to as less as 30% this year as compared to three years back. The area of operations as donated in exhibit C is satisfactory for small scale operation but the utilization of such a space is an issue which has to be dealt with. Also, an acute lack of workforce especially in marketing can be attributed to the low number of contracts for the company. Ms. Richa after discussion with the consultants agreed to make changes not only in operations but also the organisation (Exhibit B) of the company. Ms. Richa is more than willing to implement the suggestion made to her and is confident that company will raise bars on par with the industry.

You are required to:

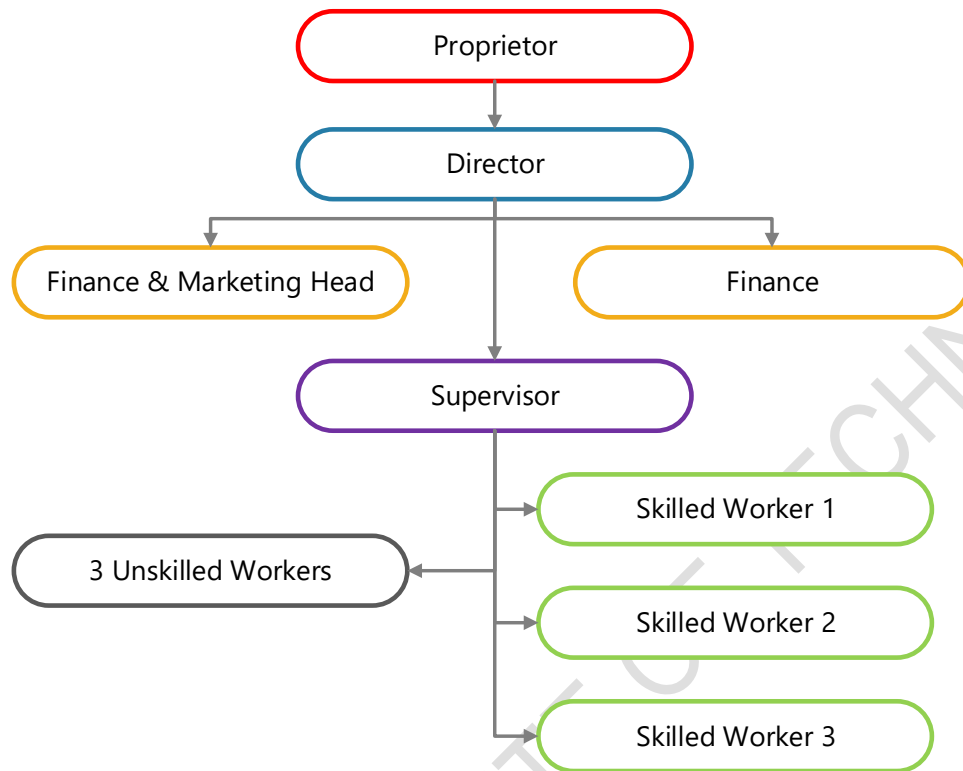
- a) As an operations manager, chalk out Supply Chain Management Plan to achieve Operational sustainability.
- b) Given her capabilities, does Ms. Richa require additional workforce? If yes re-design Organisation chart.
- c) What investment plans do you suggest so that company grows keeping the cost to investment ratio low.
- d) Design a website layout for K-tech Engineering and other avenues to have electronic presence in Engineering sector.
- e) Design a strategy for creating and enhancing brand value using limited resources at disposal.

Exhibits:

A. Turnover (last three years)

YEAR	TURN OVER IN LAKHS
2016-17	63.91
2017-18	31.84
2018-19	20.68

B. Organization Chart



C. Plant Layout

