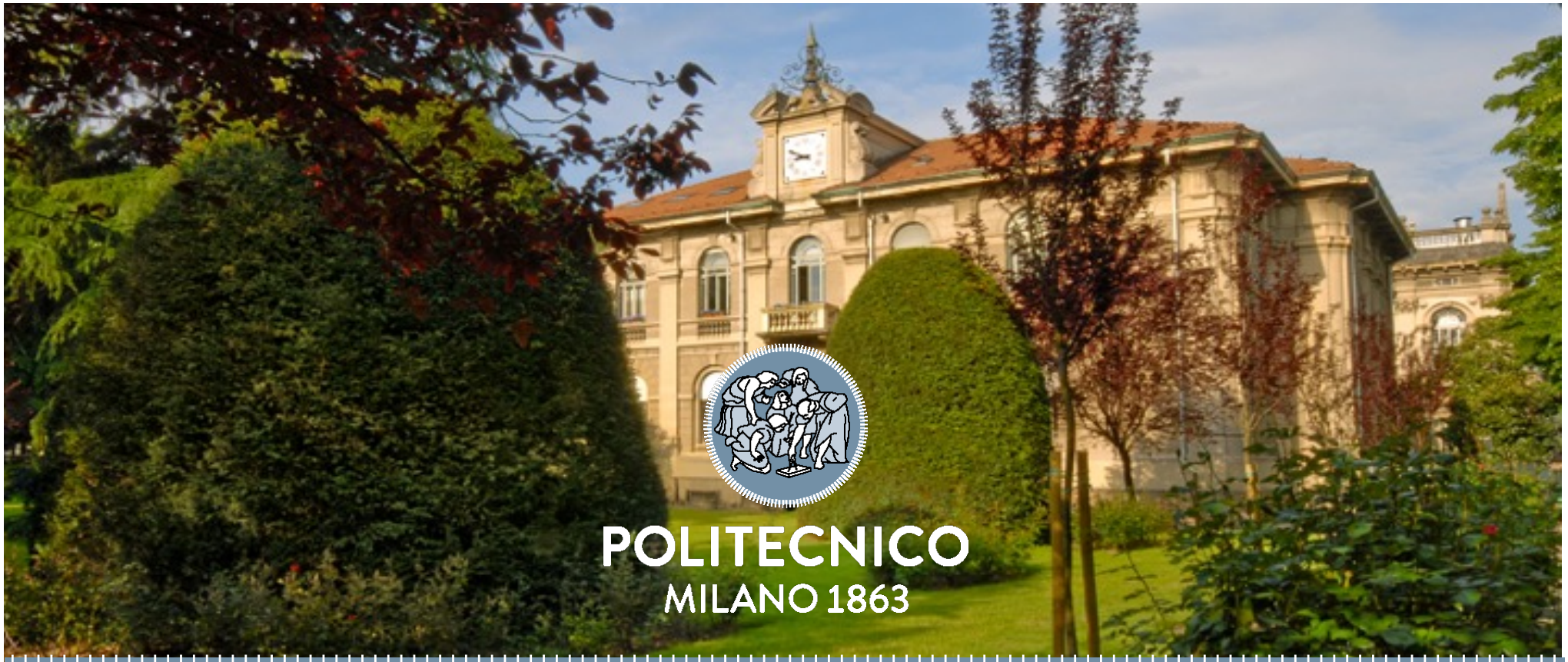

HQ CASE DISCUSSION

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Case HQ

The main customer (50% of volume) will fase out all its products within 2 years

Being a company of the group, finding another similar cusstomer is considered highly improbable

What are the options for the company?

Case HQ

Did the CEO do well?

Are you giving him the raise he asks?

Investments in machines – (1)

Details of the number of machines available in each machine group defined by the company.

Machine group	Number of machines		
	Current year minus:		
	8	1	New
1	29	1	–
2	15	11	5
3	5	8	6
4	2	2	1
Total	51	22	12

Details of the 'new' machines in each group.

Machine group	Year of purchase/new machines							
	Current year minus:							
	7	6	5	4	3	2	1	Total
2	–	–	–	–	3	2	–	5
3	2	1	1	1	–	1	–	6
4	–	–	–	–	–	–	1	1

Investments in machines – (2)

Details of a typical machine.

Machine group	Features of an average machine		
	Cost (£000s)[1]	Shot weight (ozs)	Locking pressure (tonnes)
1	116	10	200
2	276	45	450
3	333	60	600
4	360	150	600

Note

1. Cost includes the purchase price of the machine and installation costs at current year prices.

Investments in moulds

Exhibit 2 Summary of the moulds introduced or planned in the last seven years

Product range[2,3]	Number of moulds[1]							
	Current year minus:							Current year
	7	6	5	4	3	2	1	
A	–	–	1	5	–	–	–	–
B	–	4	1	1	4	4	2	–
C	19	8	10	8	3	1	–	–
D	4	20	–	6	1	2	12	–
E	4	19	–	26	9	14	15	30
F	–	–	–	–	–	2	–	–

Notes

1. The number of moulds indicates the number of different products within each range. However, in many instances, one mould will have two or more impressions on it, so that in every moulding cycle one, two or more products would be made depending on the number of impressions on that mould.
2. Product ranges A and B belong to the original (pre-change) designs, while C to F were of the revised (post-change) designs. Further details are given in Exhibit 5, under the column headed 'Product'.
3. The dimensional sizes of old and new products vary across the different product ranges but, in overall terms, tend to be similar.

Economic elements

Exhibit 4 Some financial management information for the last seven years (year ended 31 December, all figures in £000s)

	Current year minus:						
	7	6	5	4	3	2	1
Fixed assets							
Plant	561	552	399	420	612	838	980
Moulds	102	130	170	180	320	584	620
Total	663	682	569	600	932	1422	1600
Current assets							
Inventory	262	532	1029	1259	1559	2243	2567
Debtors	483	798	842	817	1321	963	1373
Total	745	1330	1871	2076	2880	3206	3940
Current liabilities							
Creditors	626	532	628	1134	1774	1744	1765
Overdraft	2	480	412	42	38	284	575
Total	628	1012	1040	1176	1812	2028	2340
Working capital[1]	117	318	831	900	1068	1178	1600
Net assets employed[2]	780	1000	1400	1500	2000	2600	3200
Financed by							
Share capital	50	50	50	50	50	50	50
Retained profit[3]	280	420	530	570	830	1760	2660
Total	330	470	580	620	880	1810	2710
Group indebtedness	450	530	820	880	1120	790	490
Net capital employed	780	1000	1400	1500	2000	2600	3200
Net sales	2552	2872	4212	4466	5810	5394	8021
Net profit before tax[3]	146	185	274	362	564	708	1050

Notes

1. Working capital = current assets − current liabilities.
2. Net assets employed = fixed assets + working capital.
3. Any difference between the net profit for any year and the increase of retained profits is due to a transfer of profit to the group.

Market analysis

Time

- Delivery speed
- Delivery Reliability

Price (cost)

Quality

- Design quality (specifications)
- Quality conformance

Flexibility

- Product
- Customization
- Variety
- Plan

Service

Strategic levers

- Structural design
- Infrastructural design
- Delivery (managing the…)

Structural design choices

- Overall production capacity, its division and localization
- Strategic Make or Buy
- Technological process and equipment
- Mechanization/automation grade
- Production system layout
- Supply chain configuration (eg. choosing the distribution channel)

Market

Consolidated | **New**

Infrastructural design choices

- Competences needed and their management
- Responsabilty allocation
- Team vs individuals
- Managing by objectives or procedures
- Functions integration (Design and Manufacturing, Marketing and Planning, ...)
- Incentive system
- Information flows between:
  - Different functions
  - Different hierarchical levels

Market

Consolidated | **New**

Delivery management choices

- Definition of the process of Operations planning
- Choice of how to meet demand (eg. MTS, ATO, MTO)
- Choice of how to realize the product
- Supply chain coordination systems
- Maintenance managing and realization systems
- Continuous improvement systems

Market

Consolidated | **New**

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