

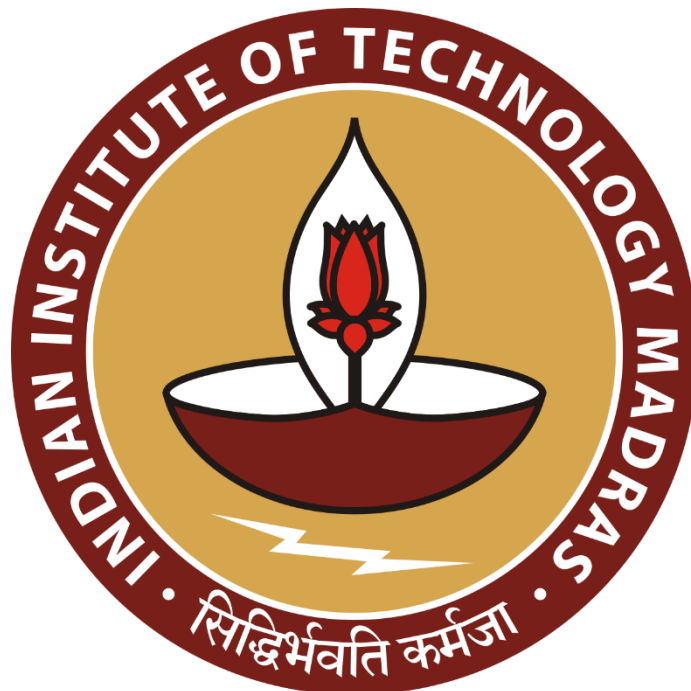
ENHANCING PROFITABILITY AND CUSTOMER SATISFACTION AT
MADRAS METTALURGICAL SERVICES PRIVATE LIMITED : A FOCUS
ON REVAMPING PROCUREMENT APPROACHES AND SALES
EFFICIENCY

A Proposal report for the BDM capstone Project

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EXECUTIVE SUMMARY

The proposal is for **Madras Metallurgical Services Private Limited**, is a leading supplier for Metallurgical and Materials Testing Equipment to Industries, Foundries, Educational Institutions, Government of India departments and R&D Labs in India, located in Royapettah Chennai. The firm has been in business for over 40 years. The firm also has an established testing division-Kidao Laboratories, this provides services for chemical analysis, Mechanical testing. The business is predominantly a B2B business type.

However, the business faces three major problems: the retention of Equipments, decreased sales of testing Equipments, and the cost of procuring Equipment.

To address the problem of retention and cost, the proposal suggests collecting data on Equipment's that are procured, analysing costs, automating certain tasks.

To increase sales, the proposal suggests bundling low-cost testing tools/Equipment's with complementary items and selling products that tend to sell more. The data on sales and profit of goods can be collected and analysed using MS EXCEL over a period of 4-5 months.

The proposal also suggests exploring the possibility of purchasing a warehouse, which could increase the storage capacity of the firm and increase revenue by approximately 50,000 rs a month. The proposal concludes that by addressing these issues, Madras Metallurgical Services Pvt Ltd can improve their profitability and better serve their customers.

ORGANIZATION BACKGROUND

The name of the Firm is **Madras Metallurgical Services Private Limited** which is nearly 40 years old firm located in Royapettah, Chennai (Tamil Nadu). It is a supplier of Metallurgical Materials Testing equipment's to industries ,Foundries,Educational Institutions . Theycompany's building is leased for a period of time from the owner of the building,they also have an established testing division-Kidao Laboratories , this provide services for chemical analysis ,Mechanical testing.

Initially they started as a supplier of Metallurgical Materials to Industries. Over time,with positive word of mouth and sheer hard work by Company's employees the company's base increased over time.Initially being suppliers to only local Industries and factories over time they turned out to be go-to suppliers for various industries and factories located in other states. Educational Institutions then became their major customer's and continue to be so.They have supplied equipment's to various leading Educational Institutions in the country like:IIT'Madras,IIT'Bombay etc.

Along with this with the Company located in a Prime locality in Chennai,it also played a huge part in customer's coming over here and placing orders based on their requirements.

They have around 10 workers working daily both skilled workers and helpers for the Company and owner and his son take care of overall functioning and management of activities in the company.



PICTURE 1: PHOTO OF THE FIRM

PROBLEM STATEMENT

The business is facing 3 major problems listed as below-

1. Retention of Testing Equipment's is the main and most significant problem of the firm. As due to some reason the buyer/customer might back out of a deal or might return the product .This results in a issue where the Equipment has to be retained as in most cases it cant be sent back to the seller.
2. Decrease in the sales of Equipement's as they feel the demand for the products have gone down over a period of time.
3. Procurement problem, as they procure products from outside in which highprices are set by the product manufacturer's / seller's.

BACKGROUND OF THE PROBLEM

1. Retention problem- As the owner states that every firm is facing this problem in this business as there is a significant possibility for the buyer/customer to reject a product after it is being supplied . The issues that are raised are as follows: -
 - a. There is a need for storage space to store these products ,until a new buyer is found.
 - b. The process of accepting customer return is very important as satisfaction of the customer can be considered to be a key factor behind that.
 - c. This has put an extra onus on a need for understanding client requirements properly and selecting a seller who can provide quality equipment's at an optimal cost.
2. Decrease in the sales- of the Equipment's in the firm, as thetime went by there was an increase in sales and competition around similar Companies. But they are very confident in their product quality, so theyhave a very good customer base and also being an old Company being in business for almost 50 years ,but still they want to improve on their current sales and thereby further their outreach and expand their business.

3. Higher Equipment prices- this can be attributed to factor's pertaining to seller's of various Equipment's. The issues include:
 - a. Many old Manufacturers have shut shop which resulted in new Firm's to take their place and quote high prices for the products.
 - b. The owner feels with increased prices many Buyer's were put-off by the Prices of various products ,and with most of these equipment's being mechanical in nature have a long working life i.e provide high throughput which further dwindled the company's market performance.

PROBLEM SOLVING APPROACH

1. For the retention of equipment-

Methods which can followed to solve the problem as follows-

- a. One thing that can be done is buying a storage space or by renting it which can be then used to store these equipment's .
- b. Data collection with analysis of equipment's which are getting rejected by buyers.
- c. Can improve the quality of product by choosing manufacturer's with better track record i.e. choosing those who provide better performing products over the period of time on a consistent basis.

Data collection and tool-

- a. Tools and duration- MS EXCEL and Google Sheets can be used for the analysis, with data collecting for a 3-4 months of seller record given. We can see which seller provides better products and so on.

2. For the sales of Equipment's-

Methods which can followed to solve the problem as follows-

- a. One method can be for regular customer's or new customer's some complimentary offers can be given like for example if a buyer buys a big-value product then some low-cost product which can be used in tandem with the big-value product can be provided free-of-cost, adding a complementary thing can increase the utility for the customer.
- b. Use new technologies like by providing an online platform for potential buyers to go through various products, costs etc.

Data Collection and Tool:

- a. Data collection is of tracking of sale and profit of goods with tool EXCEL and of duration of period of months (4-5 months). This can help us to understand which product's sell more which provide more profits etc and we can altogether make a decision.

3. For procurement of equipment's-

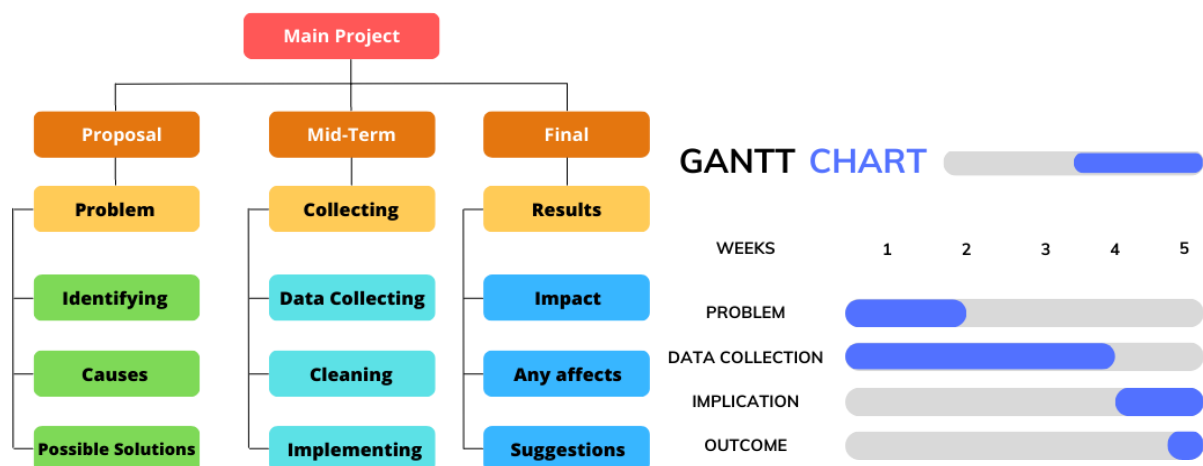
Methods which can followed to solve the problem as follows-

- a. Analysis can be done on comparing the cost between old supplier and new supplier with the quality also.

Data collection and tool-

- a. Data period of months (4-5 months of data) so that then can compare it in EXCEL to see if there is any benefit in changing the supplier with keeping quality in check.

EXPECTED TIMELINE AND OUTCOME



Outcome-

1. Reducing the cost of product retention by carefully selecting suppliers .
2. Increase in sales and revenue from the online presence and delivering better utility for the equipment's.
3. And decrease in cost of Equipment procurement from different supplier.