**CASE TOOL FOR ASSESSMENT OF PROGRAM OUTCOMES 2 and 3**

The Case of the Rewired Supply Chain

ORUN is a 4th generation family owned company with a corporate headquarters and 4 plants located in three states, each of which manufactures nearly identical product lines. They are considered a leader in the development, design, manufacture, marketing, and distribution of metal cabling and related products used in the telecommunications and automobile industry. The company owners, including Mr. Charles O’Run, the CEO, realized that some core issues had to be addressed and solved if the business stood to gain a competitive advantage in the market which, in their case, included many foreign and multi-national competitors, but also potential customers. They need to solve both strategic and operational issues many of which focus around the need for better, more rapid and dependable information concerning their materials management and production planning.

Summary of the manufacturing process:

Any wire diameters required by the customer can be drawn from appropriately sized wire rod blanks, the initial basic material purchased from specialty metal suppliers. The process can be set up to accommodate a variety of sizes of the finished product, which is comprised of the metal “conductor” and the insulation material. The conductor is made by twisting a bundle of wires from the drawing machine in the bunching section. This hardened conductor is made by heat treatment, and then the outer jacket for the heat-treated conductor is made to insulate it. After insulation is placed over the wire, custom marking of company logo (if designated in the order), size or any specifications desired by the client are printed on the surface of the jacketed conductor in the marking section. A quality inspection is performed to verify the outer diameter, conductivity, and spark test. After inspection, the final product is rolled as a spool or coil in the wind-up section and a final inspection of the packaged product is conducted.



Over the course of time, the ORUN remote operations have become very independent in their local procedures. There is a significant communication gap between the corporate headquarters and the 4 plants. In fact, so much information is moving between plants by facsimile and email that daily operations are quite dependent on the speed and availability of these processes. The plant's operating results are not getting to local and headquarters management on time. The headquarters staff reporting is confusing, and the metrics used by operating units are developed at each remote site and not distributed throughout the company. Different procedures exist for the manufacturing, supply chain management, marketing, and financial reporting throughout the various plants. There is no agreement within the company whether certain products or long-term contracts are profitable, and the value contribution of individual vendors to their overall process is unknown for certain. Additionally, there are no procedures in place to ensure unified supplier management throughout the company, leaving this instead to the individual plant purchasing managers.



The primary goal that the owners identified is to control the rapidly fluctuating material purchase costs and to reduce a significant increase in raw material and finished goods inventories. A corollary goal is the need to ensure that the entire enterprise is organized in a manner befitting a world class manufacturing operation. In the past, when attempts to improve far less complex organizational problems were made, there was considerable resistance to change, both by the workers and by mid-level management at the various plants.

Mr. O’Run has hired you, a proven executive, as his new Chief Operating Officer, specifically charged to solve these problems and achieve the goals as set forth below. As your first assignment, Mr. O’Run has requested that you meet with ORUN’s Board of Directors and briefly summarize the problem as you see it and recommend a broad course of action to begin planning how to address the following goals:

1. Allow ORUN to minimize costly inventory

2. Improve the overall supply chain management within the company

3. Ensure demand requirements are met, avoiding stock outs and reducing overall costs

4. Standardize business practices among plants with a given supplier

5. Increase supplier efficiency with real time information on firm/planned orders and forecasts.

**CASE QUESTIONS:**

For this initial meeting with the Directors, you are to prepare a short summary of your recommendations, including the following:

1. A synopsis of the inventory and supply chain management problem(s) as you perceive them to be.
2. Using the facts of the case, as well as theories and best practices that you have learned in the PROC 5820, Operations Management course, prepare a short description as to what you intend to do to address each of the 5 goals above.
3. Explain how you would identify and use measures of effectiveness (identify appropriate metrics) to assess progress in resolving these issues.