



CHAPTER I

EXECUTIVE SUMMARY

Fred David (2011) stated that strategic management can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives. As this definition implies, strategic management focuses on the integrating management, marketing, finance/accounting, production/operations, research and development, and information system to achieve over-all organizational success.

This strategic paper was prepared for Techlog Repair Center (TRC) to further improve current process to maximize internal material. One of the major challenges is how TRC can maintain a low remanufacturing cost of mobile handsets compared to other repair centers.

There are several factors that affect remanufacturing cost which the researcher would like to identify to help improve the current systems, processes or methods which may have direct impact in the over-all business profitability. In this research, the best strategies will be recommended to the company to help them to be more globally-competitive. This paper was prepared to show the importance of Strategic Management (SM). This further emphasizes that a firm must strive to achieve a competitive advantage by continually adapting the following external trends and events, internal capabilities, competencies and resources; and by effectively formulating, implementing and evaluating strategies capitalized upon those factors.



To be able to fulfill this, TRC is measured by the following:

1. Cost – must achieve the lowest remanufacturing cost through parts maximization
2. Delivery – must support immediate requirements per model
3. Yield – higher turn-around of boards coming from claimed handsets.
4. Quality – maintain lower customer claims.

This strategic paper focused on the cost aspect particularly the cost reduction which is achieved through parts maximization. There are different sources of parts maximization:

1. Reclaim – use of old parts which passes product quality standard
2. Refurbished parts – parts or main sub parts (Covers or Liquid Crystal Display) which undergo slight repair
3. Repaint – rejected covers that can be polished through a repaint process.
4. Spot buys – sourcing to other suppliers with a low cost compared to Original Engineering Manufactured parts.

The researcher focused on the raw material consumption of major parts with high cost. As a remanufacturing firm, most of its strategies focused on parts maximization. This strategic paper tried to revisit current operations initiatives in minimizing materials which have an impact on the product cost. Existing external and internal environment of TRC comparing to its current competitor was carefully analyzed to provide recommendations through the identified best practices. The researcher came up with action plan in some areas that need to



be improved to be able to maximize raw materials. This study also addressed systems issues in terms of reviewing current control and actual practices or deployed actions to increase reclaim usage. Parts maximization can be achieved if there would be a team focusing on the development of process during product launches and mass production. Since TRC is a remanufacturing company, it can only rely on its internal capability since there is no direct contact to the original manufacturers. This will have impact in terms of process design. Due to this, there are some opportunity losses in terms of parts maximization which need full attention to support TRC's main objective which is to lower product cost.

This strategic plan wanted to give some recommendations to the company to help them to be more competitive for the future innovation and globalization.