

Scenario

You are an operations analyst for a small manufacturing plant, Industrial Inc. Your boss, Vernon Snyder, has asked that you create a business memo for upper management as the fiscal year comes to an end. In your memo, you will determine appropriate metrics to evaluate day-to-day business operations to support upper management in their strategic goals.



Company Overview

Your company manufactures technology components that are used in automobiles, and you distribute your products to automobile companies. The company is doing well and is hoping to expand and take on more contracts within the next five years. As part of this expansion initiative, upper management has recognized a need to revisit how they obtain and measure data. This will be the first step to developing a process to inform strategic operations and support the company in meeting its goals.

Key Stakeholders

Upper management consists of Vernon along with CFO Alexandra Cortez, CIO Taylor O'Connell, and director of human resources Maria Santos. These stakeholders are primarily interested in the larger impact to the company, but they plan to come together afterward, and will apply their specific area expertise to determine an approach to move the company forward.

Current Measurements

The company currently measures the following:

- Sales
- Return on investment (ROI)
- Manufacturing cycle time

Company Goals

Over the next year, the company would like to reach the following goals:

- Increase sales by 5% by obtaining contracts with one or more automobile manufacturers
- Reduce the manufacturing cycle time by 10%
- Implement strategic measurements and practices to evaluate and improve plant safety and reduce number of injuries by 50%

Departments

The following departments function in support of Industrial Inc. and it's upper management:

- Financial
 - The financial department maintains the company's accounting and financial records, and is responsible for maintaining and reporting assets.
- Customer Service and Sales
 - The sales department is responsible for serving automobile manufacturers that the company currently works with and working to obtain new contracts. It also fields questions, responds to concerns, and presents issues to management.
- Human Resources
 - The human resources department recruits new employees and manages current employees. It also manages job postings, employee contracts, and relevant paperwork.

- **Quality Assurance (QA)**
 - The quality assurance department inspects the items produced to ensure that they are in alignment with company and industry standards. It escalates any major issues to management.
 - **Production**
 - The production department is the largest, and it consists of the manual laborers who assemble the parts and the managers who oversee them.
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Directions

Vernon provided some general guidelines for what he would like to see you cover in the business memo.

- **Provide Context:** Some employees are hesitant about their performance being measured, and Vernon has asked that you begin your business memo by explaining why metrics are important tools to evaluate day-to-day business operations.
 - Explain the purpose of measuring organizational performance as it relates to day-to-day business operations. Consider the following in your response:
 - What information and insights will the company gain from measuring performance?
 - What are the benefits of performance measurement and assessment for employees and for the overall success of the company?
 - Describe the use of metrics in the scenario to support operations measurements. Include the following in your response:
 - What are examples of how managers can use the provided metrics in their day-to-day work to support operations and employees?
 - **Define Key Elements:** Next, your presentation should cover what should be measured, and what the key elements of a metric are.
 - Describe the key elements of a useful metric that successfully measures the intended performance. In your response, highlight what a metric should tell management about the operations it measures.
 - Explain appropriate uses of metrics for supporting the company's operational success. Include the following in your response:
 - The company currently measures sales, return on investment (ROI), and manufacturing time. What insights do these metrics provide?
 - How should the company apply its current metrics to support the organization's growth?
 - **Determine Appropriate Metrics:** Vernon has specifically asked that you support company goals and consider how metrics and performance measures impact the plant's different departments.
 - Determine one or two specific metrics that the company should use, explaining how suggested metrics support the company's goals. For each company goal, first suggest a metric that would support the goal, then provide rationale.
 - Discuss the importance of alignment of metrics across departments. Consider the following in your response:
 - How will cross-departmental metrics inform overall organizational performance?
 - Which metrics are important to align across which departments?
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What to Submit

Every project has a deliverable or deliverables, which are the files that must be submitted before your project can be assessed. For this project, you must submit the following:

Business Memo: Day-to-Day Metrics

You will develop a business memo for the purpose of informing key stakeholders about elements that will be measured and how the measurements support company goals. Your business memo should be 2 to 3 pages in length.