Spartan Heat Exchanger Case Study

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Spartan was a leading designer and manufacturer of the specialized industrial heat transfer equipment. Their combination of fin-tube and time-proven heat exchange designs had gained a great acknowledgment both in North America as well as internationally. Ricky Coyne who was the material manager of Spartan described the business strategy of Spartan which was that the company was willing to do anything for every customer and wanted to provide them with every their own unique heat transfer products. Ten years ago a Spartan was few of the companies who were offering custom design option to the customers, and this strategy helped them as the customers were willing to pay the extra amount for customized products.

Spartan was having a lot of threats as the competition in the heat exchanger market was increasing day by day with much of the new competition was from Korea and Europe. They were losing a lot of customers because of their high prices, and many customers prefer to buy standard design products because they can't pay a huge amount of money for custom design products. Spartan was also taking a lot of time to deliver orders which cause them to lose many customers. These reasons forced Spartan to change their current strategy. A new strategy which was designed by the Spartan they were more focused on delivery lead time and on providing a lower price to customers (Haskin, 1985).

The change in the strategy will help Spartan's a lot and will help them to overcome the loss which they were facing from a lot of time. It is not easy to make this change, but at this stage, the way a company is facing loss they have to implement a change to compete with Europe and Korea. Spartan's need to sell only the standard design products to compete in the market. The change will also help suppliers to sell only the standard design products to the customers on low prices and provide the products in a shorter time.

In order to accomplish improvement in terms of inventory from 4 times to 20 times, the company has to ask the suppliers to provide an effective amount of raw materials in effective divisions. When the company was focusing on inventory over four times them, it had to pay more for inventory management as huge bulks of inventories were kept at the storerooms. However, if twenty times option is considered then the company would be able to keep its storage cost minimal, as the administration and procurement costs would be minimized. The only thing that the company would have to take care of would be the deadlines to get the raw materials; as if the raw materials got delayed then the inventory management would get harmed (Stevenson, 2005).

Rick also committed to a 10 percent reduction in prices from suppliers. Spartan can achieve this by selling only the standard design products which would provide the opportunity to lower the cost for the purchased goods. This will provide the company a new opportunity to make major changes. However, this target is very difficult to achieve for the Spartan. The sales department should not take orders which are specialized designs. The new strategy for sales will help the company to reduce the delivery time of the orders from 14 weeks to 6 weeks and will also help the company in lowering the cost of the products. The company needs to change their strategy so that they can compete with the market and the manager is also in support of the new direction which company is taking.

**References**

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Stevenson, W. J. (2005). *Operations management*. McGraw-hill.