

R.D. ENGINES LTD. case study solution



Brand: Mehta Solutions

Product Code: case38

Weight: 0.00kg

Price: Rs500

Short Description

R.D. ENGINES LTD. case study solution

Description

R.D. ENGINES LTD.

Mr. Rao and Mr. Dash, two young and dynamic engineers with M.B.A. degree from the States, floated R.D. Engines Ltd. in the year 1985. Mr. Dash went to Japan to acquire technical know-how for the manufacture of Kerosene Engines. Mr. Rao remained in India to arrange for the finances and to look after the construction of the factory shed and office building. On his return from Japan, Mr. Dash arranged for the import of the machinery and procured raw materials. He also supervised the installation of machinery and physical arrangement of facilities.

R.D. Engines Limited started the production of Kerosene Engines in the year 1989 with Mr. Rao as the Managing Director and Mr. Dash as the Technical Director. Mr. Rao was looking after the finances, sales, public relations, personnel and purchase functions. Mr. Dash was looking after the Production, Stores, Quality Control and Planning. In the first few years, the company had very good sales because Kerosene being much cheaper than Diesel and Petrol. The main customers were farmers who used these engines

. for pumping the water and other agricultural operations. In fact, it was a multi-purpose engine.

After two-three years, the service engineers started making requests for issuing spare

parts for the repair and maintenance of engines sold. Mr. Rao instructed the service engineers to get spare parts from the stores which were under the charge of Mr. Dash. On being approached, Mr. Dash refused to issue the spare parts to the marketing personnel on the ground that there will be a loss of production if the available parts were given to the marketing people instead of using them for the assembly of new engines. This way, it became very difficult for the farmers to procure the spare parts for their engines manufactured by R.D. Engines Limited. Over a period of a few years, the company lost the goodwill that it had earned among the customers.

Due to change in the marketing conditions, the company switched over to the manufacture of Diesel Engines instead of Kerosene Engines. The sale of Diesel Engines was not encouraging because of the following facts :

1. The company had lost goodwill due to non-availability of spare parts.
2. There were teething problems in initial stages of change of design.
3. Many complaints were coming regarding the poor performance of the engine and they were not looked into.

Mr. Rao was naturally worried over the situation. Despite poor sales, the manufacture of engines was continued to achieve the production targets. The finished goods inventory rose up considerably. Mr. Rao called the Production Superintendent, Mr. Chandra and spoke to him to slacken the production pace and the production was cut down to 50%. Looking at the production reports for the previous month, Mr. Dash called Mr. Chandra and asked him to give reasons for the loss of production. Mr. Chandra told Mr. Dash that the fall of production was at the order of Mr. Rao, the Managing Director.

Mr. Dash became furious because he felt that the Managing Director, who is looking after functions other than the production, should not have a say in the production. He felt that Mr. Rao was not performing his functions satisfactorily which led to dropping of the sales curve. This conflict between the two directors went on for quite some time. For not being able to obey the contradicting instructions of the two directors, Mr. Chandra submitted his resignation. Mr. Dash who was aware of the abilities of his Production Superintendent requested him to withdraw his resignation and Mr. Chandra agreed to do so. As soon as Mr. Chandra returned to his table, there was a note from the Managing Director. "Resignation accepted with immediate effect. Contact Personnel Department for the settlement of accounts."

QUESTIONS

- 1. Comment on the acceptance of resignation of Mr. Chandra.**
- 2. What was wrong with the management of R.D. Engines Limited ?**
- 3. Was the conflict between two directors really unavoidable? Give reasons for your**

answer.

- 4. Give your suggestions to improve the working of R.D. Engines Limited**

Details

- 1. Case study solved answers**
- 2. pdf/word in 24-48 hrs**
- 3. Fully Solved with answers**