

CHAPTER 1

INTRODUCTION



This chapter introduces a Squid Snacks Factory as a case study concerning in production. Firstly, background of the study is described. Also considerations are statement of problem, objective and scope of the study. Next, expected results from this research will be proposed. Finally, research procedure is introduced and explained.

1.1 Background of the Study

Presently, manufacturers face with highly competitive situation. They aim to increase overall performance such as resolving and improving fundamental operating inefficiencies, reducing defects, eliminating hidden waste and etc. Therefore, many manufacturers become more interested in key performance indicators (KPIs), which are the way to identify the results of its performance, in order to enhance its productivity. Like other manufacturers, the case study factory concerns with this issue as well.

The case study factory is a manufacturer of squid snacks under its own brand name. It was established in 1996 at Bangkok, Thailand. The factory is small industry which 1 ton of finished goods is an approximate daily capacity at present. The company's product range encompasses all kinds of seasoned squid snacks including baked crispy squid and rolled seasoned squid. Currently, the numbers of employees are about 80 persons.

1.2 Statement of Problem

At present, the factory faces with main problem as mis-planned production and ineffective management of production resource utilization such as man, machine and material due to lack of method, system and indicator to control and monitor its production performance for reporting factory manager in order to plan and develop the production effectiveness. This leads to lost sales opportunity and customer reliability.

Therefore, the factory manager is interested in KPIs because he realizes that KPIs are the representative indicators of the overall performance of the factory. Monitoring the level of KPIs within a firm is an important management function if that organization is to remain competitive in today's market place. In order to ensure achievement of company's goal and objectives, performance measures are used to evaluate, control and improve production process (see details of problem in Chapter 3).

1.3 Objective

Develop the appropriate KPIs for the case study factory.

1.4 Scope of the Study

1. The case study factory is a squid snacks factory.
2. This study focuses on the area of production department concerned with production planning, production, engineering, quality control and maintenance.

1.5 Expected Results

1. To plan, control and measure the performance in the production department of the case study factory appropriately.
2. To be able to determine the value of each production factor.

3. It is the guideline to develop key performance indicators in production department for other factory.

1.6 Research Procedure

1. Study theory and research involving thesis.
2. Collect data about KPIs that the factory normally operate, rarely operate, never operate and do not have in production department by investing the current system.
3. Analyze data in order to determine the goal and objectives of the case study factory.
4. Develop KPIs according to the goal and objectives.
5. Implement action plans in the case study factory.
6. Evaluate the result and develop KPIs suitable for the case study factory.
7. Summarize and recommend further studies.
8. Thesis write up and submission.