

Telecommunications switchgears have evolved over a number of years from mechanical to electromechanical and then electronic technology. A company has developed products to match this change that essentially perform the same task, but in a slightly more sophisticated manner. Each product was launched before the end of the life of the previous one. As a result, original equipment and spares for various products are currently supplied. In order to establish its operations task, the company reviewed its market to understand the requirements and issues involved.

Product A is based on a mechanical technology and sales are restricted to spares or replacement equipment for existing installations. The processes required to make this product were specific to this range and cannot be used to supply electronic technology products. Product B is also no longer sold as part of a new contract and has been superseded by Products C and D. These two products were introduced shortly after Product B due to a rapid advance in product technology. The company chose to organize operations using a process-focused approach where Product A is supplied from one unit and Products B, C and D from another. The reasons for this are to:

- Develop products within an existing facility and so avoid the need to use a new facility for each stage of a product's life
- Minimize total operating costs by spreading overhead costs across all products
- Manage demand fluctuations by having a wide range of products supplied by a single facility.

Everything was working well until sales started to increase for Products C and D as they entered the mature phase of their life. Table 1 shows the resulting change in production volume and strategic task across the four products.

Varying strategic tasks mean the process-focused approach meets the delivery speed requirements of Product A and B, but not the cost reduction needs of C and D. Here, a product-focused approach with a narrow product range and product-dedicated processes would allow it to concentrate on reducing cost to meet the increasingly price-sensitive nature of their markets.

Aspect		Product			
		A	B	C	D
Production volume	Current	Low	Low	High	Low/medium
	In 2–3 years	Stable	Decreasing	Decreasing	Increasing
Key strategic task	Current	Delivery speed	Delivery speed	Cost reduction	Quality conformance and on-time delivery
	In 2–3 years	Delivery speed	Delivery speed	Cost reduction	Cost reduction

**TABLE 1** Changes over time in production volumes and strategic task