

EXECUTIVE SUMMARY

Brandix, as one of the country's pioneering apparel manufacturing companies, has built a strong brand name and a reputation around the world by providing inspired solutions to renowned brands. Brandix Essentials (BEL), the Brandix group's largest SBU, has played a significant role in keeping the Brandix flag at the top of the market over competitors. In that light, profitability is the utmost important factor for BEL to consider in the journey towards the company's vision. However, it was observed that high overhead budgets, mainly due to overhead budget overruns in the key cost centres like engineering functions, have been creating challenging situations for BEL to achieve its desired profitability targets.

Repair and maintenance costs were identified as the primary contributors to engineering overhead budget overruns at the BEL. The main reasons for the repair and maintenance budget overrun were explored in relation to the three project components, namely maintenance management, budgeting process improvement, and monitoring and control. In terms of maintenance management, the absence of a predictive maintenance integrated maintenance plan, a lack of training in accordance with a training plan, and insufficient time allocation for equipment and machinery maintenance due to the absence of an overtime plan were identified as root causes. In terms of budgeting process improvement, the absence of an asset disposal evaluation plan and issues in the existing budgeting process were identified as root causes. Furthermore, the absence of an AMC finalisation process and a standard operating procedure for the GRN process were identified as root causes of the monitoring and control component.

Literature pertaining to the above study revealed that budget overrun is a common and continuing concern in organisations irrespective of the type of industry but could be reduced by good management practice. Scholars have emphasised the importance of maintenance management as failures in maintenance management would not only result in productivity loss but also in the loss of timely service to the customers and financial budget overruns. Application of predictive maintenance has identified as one of the most effective maintenance management strategies in literature. Furthermore, facilitation of training requirements for maintenance technicians and allocation of adequate time for the maintenance of machinery and equipment were emphasised as prerequisites of a solid maintenance management.

Furthermore, literature highlighted the importance of having a standard budgeting process to eliminate budget overruns as a result of scenarios like underbudgeting. Scholars have also emphasised the importance of having periodic asset disposal evaluation to ensure asset portfolio comprise only the good working condition assets. As monitoring and control measures, literature has outlined the importance of precise scope finalisation specially the maintenance agreements to avoid unnecessary additional costs beyond the original scope. Furthermore, many scholars have been underlined the importance of maintaining standard operating procedures in inventory management to reduce cost overruns as a result of maintaining high safety stocks to offset the operational issues like on-time delivery.

The solutions proposed in the project report comprised developing an integrated predictive maintenance plan, training plan for maintenance technicians, and overtime plan under the maintenance management project component. Proposed solutions could help to reduce high recurrent machine breakdowns and high emergency machine breakdowns, which subsequently result in reducing the high cost of machine and equipment maintenance. Under the budgeting process improvement, the development of a new budgeting process by revising the existing budgeting process and developing an asset disposal evaluation plan were proposed to reduce the underbudgeting status and increment of repair and maintenance per machine cost. In relation to the monitoring and control project component, development of new AMC finalisation process and new SOP for GRN process were identified that could assist to reduce high cost for outsourced maintenance and engineering related PR items.

Relevant to the findings, the financial feasibility of the project was evaluated based on the benefit-cost analysis. As per the results, 8.9 times, positive benefit cost ratio can be generated by the project. Furthermore, quantitative outputs and qualitative outcomes that could be gained through the project were also discussed in detail.

Finally, the report evaluated the feasibility of proposed project solutions by investigating the linkage between solutions with the literature. Moreover, recommendations were given over and above the proposed solutions to improve their effectiveness. Hence, through the application of proposed solutions, Brandix Essentials could be able to reduce repair and maintenance budget overrun result in reducing adverse impact on company profitability.