

A Major Project Report
On

**DEVELOPMENT AND ANALYSIS OF A MODLE FOR
SUPPLIER SELECTION USING ANALYTICAL
HIERARCHICAL PROCESS: A CASE OF AUTOMOBILE
INDUSTRY**

Submitted for the award of the degree of
Master of Business Administration (Executive)

By

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2K13/MBA/515

Under the guidance of

Dr. R.S. Walia, Associate Professor

and

Mr. Mohit Tyagi, Assistant Professor



Delhi School of Management
Delhi Technological University

Session – 2013-2015

CERTIFICATE

This is to certify that the project entitled “Development and Analysis of a Model for Supplier Selection using Analytical Hierarchical Process: A Case of Automobile Industry” has been successfully completed by Ritesh Sharma – 2K13/MBA/515

This is further certified that this project work is a record of bonafide work done by him under our guidance. The matter embodied in this report has not been submitted for the award of any degree.

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DECLARATION

I hereby declare that the project report entitled “Development and Analysis of a Model for Supplier Selection using Analytical Hierarchical Process: A Case of Automobile Industry” submitted by me to Delhi School of Management, Delhi Technological University in partial fulfillment of the requirement for the award of the degree Master of Business Administration (Executive) is a record of project work carried out by me under the guidance of Dr. R.S.Walia (Associate Professor) and Mr. Mohit Tyagi (Assistant Professor). I further declare that the work reported in this project has not been submitted for the award of any other degree in this institute or any other institute or university.

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ACKNOWLEDGEMENT

It is great pleasure for to acknowledge a debt of gratitude to Dr. P.K. Suri, Professor and Dean – Delhi School of Management, Delhi Technological University for his valuable contribution to the project.

As is the role played by an anchor in the ship, the same has been played by Dr. Rajan Yadav, Associate Professor and Coordinator, EMBA program of Delhi School of Management, Delhi Technological University without whom the project would not have been in the present state. So, my sincere regards to him as well.

My sincere thanks and gratitude to the entire faculty of Delhi School of Management for their generous help and unconditional support during completion of this project.

I would also like to extend my sincere gratitude to various dealers and overhauling workshop owners (names could not be published as they allowed the interview on the condition of non-disclosure of confidentiality) for guiding me with the insights of the automotive industry by the virtue of wealth of knowledge and experience they possess: Last but not the least, I would also like to thank all students (4th Sem, MBA-Executive) whose suggestions in this regard proved to be valuable.

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EXECUTIVE SUMMARY

Global automobile industry is well- positioned for next level of growth, most of which is likely to come from newer technologies and capturing new markets and increasing market share in existing markets.

The new technologies will be made available at a premium to the consumers belonging to upper income, vehicles for emerging markets like India where the passenger car penetration is still as low as 4-5 cars per 1000 of population will support growth through product innovation and higher value for money.

While the growth is something that all Original Equipment Manufacturers (OEM) have upbeat sentiments about, they are simultaneously confronted with the challenges from price and positioning of vehicles. Price is what they are more concerned with due the fierce competition that they face in their attempt to woo the customers by adding new features to the vehicles, adding new vehicles to the portfolio at rate faster than ever. The case in point is India's own Maruti Suzuki India Limited that has been dominating Indian passenger car market since 1984 with current market share of around 41% launches a new model or facelifts the existing portfolio once every year. The story of Hero Moto Corp, world's largest 2 wheeler manufacturer is no different. It bring to the market a new motorcycle or a new version of the motorcycle every year, at least. All said and done they are not way head with their respective competition.

All it drills down is to provide more value for money to the customer who is more aware and informed than before. Providing value for money to the customers has its bearing on the kind of products the suppliers provide to the OEMs. The supplier needs to have a competitive price, highest quality, great service level, responsive, a responsive management, be present near to the OEM and the list goes on.

So, the question arise, with so many criteria of evaluation -How to choose a supplier that is aligned to the product strategy and sourcing strategy of the OEM?

This project study is an attempt to answer the question by exploring the use of "Analytical Hierarchical Process (AHP)" in a practical environment. AHP is one of the tools use for Multi-Attribute Decision Making.

The literature review have been carried out to understand the factors / attributes affecting the decision making process but more emphasis has been given to the inputs for the industry experts.

The information on factors and their relative weights for hierarchy have been gathered from the interviews conducted on the condition of confidentiality in informal set up over phones and personal meetings. Interesting to mention that the factors are aligned to what were discovered in the literature review.

The main criteria for supplier selection considered in the study are Cost, Quality, Delivery and Management.

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