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Dissertation

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**Analysis of a Hungarian Agricultural Company;
Hetech Trend Ltd.**





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I hereby certify that ZSÁMBOKI JUZIT EMESE student on COMMERCE AND MARKETING course, in 4th student year, consulted 4 times. Furthermore I hereby certify that the last version – the one to be handed in with smaller possible changes – fulfils all the requirements concerning both layout and contents.

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I declare that the dissertation submitted hereby in partial fulfilment of the requirement for the degree of Bachelor of Arts in Commerce & Marketing at the Budapest Business School has not previously been submitted by me for a degree at this or any other institutions. This thesis and the work presented in it are my own and have been elaborated by me as the result of my own original research; it is my work in design and in execution, and that all material contained therein, has been truly acknowledged. I understand that my thesis may be made available to the public.

Budapest, 23 November, 2015.....



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1. Introduction

I was born in an agricultural city, in the Southern Great Big Plain, Hungary called Kecskemét. Last summer, I had the opportunity to work as an intern in my hometown, at one of the most successful agricultural company in the sphere; Hetech Trend Ltd. During my internship program I had got a deep insight into the operation of the company, and I became more and more interested and enthusiastic. Fortunately, I could work and observe not only one department, but several departments of the company, so I got comprehensive, overall vision about the company structure and operation. For this I was deeply grateful for the employers and the colleagues, who were always patient and very helpful to me, making possible to study a lot and to write my dissertation about Hetech Trend Ltd.

As I have been always interested about the company management, the company operation, how a company is able to generate profit and give value to the people at the same time, I do believe that I find the best dissertation topic to me to satisfy my interest.

The Contents of the Most Important Chapters

Hetech Trend Ltd.

The company is one of the most outstanding company on the field of grain storages, designing and building up of grain dryers and grain cleaners. The company has built up several silo plants in Hungary and outside of Hungary, becoming the most profitable company in the sphere. Hetech Trend Ltd. contributes to the Hungarian agricultural development, increase the export level of the country and brings value to the customers.

Business Management System

To fulfil the needs of the partners on high quality, on stable way and constantly, the company has introduced the ISO 9001 Quality Management System. They focus on achieving quality policy and quality objectives to meet customer requirements by keeping the predetermined structure, terms and definitions recorded in the ISO management system standards. The company strictly follow 8 directive principles, which are expounded in a more detailed way in the business management chapter.

Logistics and Production Strategy

In case of a company, like Hetech Trend Ltd. the importance of the logistics management is outstanding. The company has a complex logistics and production management system. Their manufacturing system is simultaneously similar but different from the assembly line methods. Hetech Trend Ltd. has long-term action plans for production of goods and services. The well-tried strategy covers Make To Stock (MTS) and Make To Order (MTO) strategy. The company cares about the waste elimination by lean manufacturing method and fulfil the orders based on Just-in-Time methodology. This chapter summarize the development of the warehouse and the inventory level changes. Inventory has an important effect on profit and cash flow. Due to the successful inventory management in 2014, the company has reached outstanding net income that year. Hetech Trend Ltd. has several supply chain model without retailer. They have foreign distributors in Temesvár, Romania (SILOZCEREAL SRL) and in Feketics, Slovakia (AGROKONS DOO). The highly developed Supply Chain Management (SCM) primary responsibility is to integrate the demand and the supply to reach a high-performing business model. It also closely linked to the marketing, sales, product design, finance and information technology.

Corporate Communication

The company's corporate communication covers all of the internal and external communication of the organization with the aim of creating favourable point of view about the company. In order to boost the business, the company has significant marketing activities; Internet advertising, Google AdWords, trade show appearance and sponsorship activity. Hetech Trend Ltd. appears on agricultural exhibitions regularly, like the AGROmashEXPO and the Agrárgép Show. To reach business goals the company support financially RITMUS Autósport Egyesület monthly. Due to the support the company logo appears on rally race cars and magazines, like the MotorSport or Rally Café magazines.

2. Importance of the Topic – The Situation of the Hungarian Agriculture

Hungarian agriculture has gone through a long and challenging development since the First World War. After the collapse of socialism in 1990, a new agricultural system was carried out, which based on smallholdings. On the too small and scattered holdings the technical and technological levels, and the productivity are low. However, the political and structural changes limited the output, but for today the crop levels are rising.

Agriculture is a very important sector of the Hungarian economy. Hungary has a highly favourable climate for grain production. Hungary benefits from fertile plains, advantageous climate and the availability of water. Approximately 70% of the land are of Hungary is suitable for agricultural production. In Hungary 4506,100 ha area is arable area, which 70% is occupied by cereal. The major cereals are maize and wheat. The average yield of maize is 65t/ha and the average yield of wheat is 45t/ha. For today, the greatest part of agricultural export consist of cereals, and the share of the unprocessed produce is around 60%.

„The International Grains Council (IGC) puts Hungary’s 2014-15 total grain crop at 16.1 million tonnes, up from 13.6 million the year before.” (World-Grain, 2014) This includes 5.2 million tonnes of wheat, 1.3 million tonnes of barley, and 9 million tonnes of maize, compared to the 6.7 million the year before. The rapeseed crop production level has been growing continuously; Hungary has produced 700,000 tonne rapeseed crop, up from 500,000 tonnes the year before. I would like to summarize the effect of the agricultural growth in a table.

Table 1: Hungarian agricultural products' growth, compared 2014-15 and 2013

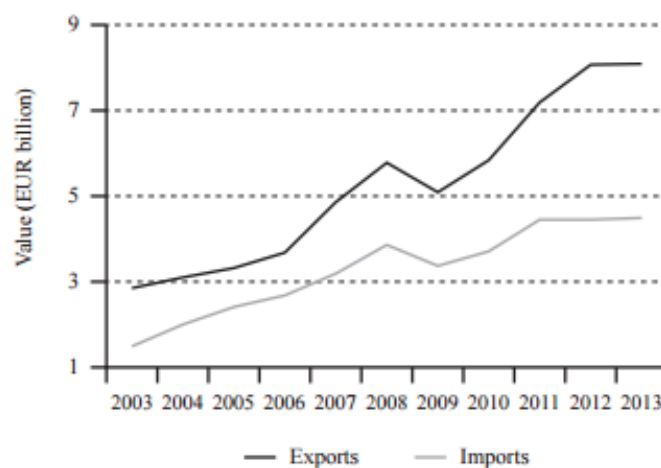
	2014-15 (in tons)	2013
Grain	16.1 million	13.6 million
Wheat	5.2 million	5.1 million
Maize	9 million	6.7 million
Barley	1.3 million	1.1 million
Rapeseed	700,000	500,000
Sunflower	1,6 million	1.5 million

(Source: own compilation based on KSH data)

However, both the Hungarian and the global cereal production is growing, today over seven billion people live in the Earth and the world cereal production is 2282 million tonnes. As the world population is growing continuously, the agricultural crops supply and the storage solutions have to keep up with this growth. The primary function of a silo is to provide protection by increasing the storage life of the grains. The adequate quality and quantity of grain contribute to the adequate supply of livestock. Maize grain is one of the most important feed grain and a standard component of livestock diets, where it is used as a source of energy. Also has a high nutrition value of other products; bran, germs, oil meal is also considered to be given to livestock. Besides the food supply of the population and the livestock the maize grain has many non-food usages, like cosmetics, adhesive, paints.

As the Hungarian agricultural production is growing, accordingly the number of the mills and the silo plants are growing also. The appropriate number of silo plants and the proper operation of agriculture companies contribute to the growth of the GDP. In Hungary the agricultural sector is accounted for 4.3% of the GDP. The growing agricultural effectiveness has effect on the Hungarian export, also. After Hungary has joined to the European Union (2003) the total Hungarian agricultural exports grew significantly from EUR 2.85 billion to EUR 8.09 billion for 2013. This growth is more dynamically than the total exports of Hungary. During this time the total agricultural imports also grew, from EUR 1.49 billion to EUR 4.43 billion.

Graph 1: Hungarian total agriculture exports and imports, 2003-2013



(Source: Hegedüs Zs. and Kiss J. 2013, p.89)

However, Hungary has a favourable climate, the climate change is already affecting agriculture. This is why the complex silo plants with high drying, cleaning and storage techniques are more and more important.

3. Company Introduction

Hetech Trend Engineering Ltd. was founded in 1998 by seven engineers - hence the company name – including storage, mechanical, electrical, economic engineers and an architect. Two from the former founders are the present managing directors; Zoltán D. Nagy and Miklós Incze. The company seat and the warehouse are located in Kecskemét. Today, Hetech Trend Ltd. is one of the most outstanding company on the field of grain storages (horizontal storage systems, metal silo plants), designing and building up of grain dryers and grain cleaners. The company scope of activities include the preparation of technical, economic and decision support studies, bid plans, licensing plans, technology construction and reconstruction plans, moreover the transportation of machines and facilities and the completion and control of investments.

The company has made ready several technical and economic plans of international tender applications. Among more than 200 different technological and electrical plans of silo plants for Hungary the most important, completed are for example in Szarvas (in 1998), Kerekegyháza (in 1999), and Nagyberény (in 2001). In 2005, the company submitted an application for the AVOP (Agrár-és Vidékfejlesztési Operatív Program), which one of the aim was to help agricultural participants to improve their competitiveness, market position, product quality and food safety. As a result, there are silo plants in Bonyhád, Csávoly, Encs, Hódmezővásárhely, Jászapáti, Szentes and Adony. There are also outstanding plant in Gárdony, Kardoskút, Kunhegyes and in Tiszakürt. For today the company has acquired different foreign markets, in Romania, Slovakia, Serbia, Bulgaria, Algeria, Kazakhstan and Egypt.

As a result of the continuous improvement the company has performed several different investments and developments lately; new production hall in the last few years, significant staff increase adjusted to the growth and new computer numerical control (CNC) sheet processing centres, which are machine tools operated by precisely programmed commands. CNC machines make feasible such kind of movements which are impossible manually.

Vision & Mission Statement

To communicate the purposes the company laid down the vision & mission statement. By the vision statement they state the heart of the organization. The unique

statement reflects the company's culture, core values and offer insight into the company objectives. The vision statement lived daily by the directors, managers, employees. It gives guidelines and motivates everyone working in the company. The vision of the company is to be the absolute leader in the grain storage market. The primary aim is to design, manufacture and hand over quality products with unique features, reliability and expertise.

The company provide satisfactory solutions to customers' requirements and make attention to the details utilizing engineering experiences to achieve outstanding performance in the agricultural sphere. Their references prove the modern and highly efficient manufacturing operations and the surpassing quality. Hetech Trend Ltd. determines competitive prices and works with short lead time to provide cost effective solutions to the customers' demand. Several silo plants over the world built up by Hetech Trend Ltd. justify the long manufacturing experience and precise construction work. The company is recognized as one of the world's leading company in the sphere of grain storages.

4. Applied Methodology

Table 2: Applied methodology, methods and hypothesis

Methodology	Examination of data of my own empirical research
Method 1	Qualitative and Quantitative research at Hetech Trend Ltd.
Method 2	Interview
Hypothesis 1	Hetech Trend Ltd. is one of the most profitable company in the sphere
Hypothesis 2	Hetech Trend Ltd. has a well-organized logistics and production, business management and corporate communication system

(Source: own compilation)

I have spent my professional internship at Hetech Trend Ltd. During the internship period I have written my dissertation. The aim of my dissertation is to examine how successful the company is. I will examine 2 hypothesis, which are shown in the table above. During my internship period I made several qualitative and quantitative research and I also experienced both the negative and the positive side of the operation of the company. When I worked there I consciously researched about business management, logistics and marketing. I made interviews with the heads of the company and the managers and they also gave me the possibility to inspect the company documents; income statements, invoices, statistics reports, financial reports and even customer letters. I also gained data from Hungarian Central Statistical Office. From the data I have gained several information to examine the hypothesis.

To analyse a dynamically improving company, like Hetech Trend Ltd. it is important to analyse the market situation of it. I had collected the biggest competitors of the company and examined the net incomes of the last business year of the companies. The results are represented by a bar chart. I had chosen three big departments of the company to analyse; business management system, logistics and production and corporate communication. About the data I collected, I also made a SWOT analysis to evaluate the strength, weaknesses, opportunities and threats of the company, with the aim to identify the key internal and external factors.

4.1. Interview

As an example I would like to show one of the qualitative research projects, which was made with the primary purpose to acquire more information about the operation

of the company. The interview was made with János Huszárík, the chief offering engineer of Hetech Trend Ltd.

1. What are the biggest successes and failures of the company so far?

In the last 5 years the company has performed several significant investments and developments we aimed to. There were a lot of smaller and bigger investment in the company. To say some example, we reached that plant capacity, that developments, which are the criterion of a noted production company. The development of the warehouse, the construction of the new production hall, the significant staff increase adjusted to the growth and for example the installation of the computer numerical control sheet processing centres are all recorded as outstanding successes lately. We are also proud of that the company uses high quality machines and handling equipment.

There are also developments outside of the company. Here, first and foremost I would like to mention the Romanian market. We have become the suppliers of companies like S.C. Ardealul in 2012. From them, there are ongoing orders for plants with the value of 4.5-5 million euros. If I mention the Romanian market I do not want to miss the Slovakian one. One of the foreign distributor of the company, the AGROKONS DOO generates 2-3 million euros annual turnover to us. Fortunately, the company continuously acquire bigger and smaller projects. Under bigger and smaller projects I mean there plants, which value is accounted for 350,000 euros, but for instance the value of the most enormous plant constructed by the company so far is 2.100.000 euros. Furthermore, it is also important to highlight that we always work on more project simultaneously, which means more significant financial result, but it also means constantly upcoming threats. I do believe that these are those influential factors, which cause that we are among the three market leader company in the field of gain storages.

What are the failures? Well, the company acquire so many order that sometimes we are not able to keep up with it. We miss the deadlines, we cannot send the tenders in time, we miss the delivery performance, and we only perform over the due dates. Consequently, the employees and also the employers become overloaded and stressful, which lead to more mistakes, administration difficulties and finally customer loss. However, if we lose one customer, we find two others.

2. Why do not you increase the number of the staff and the company capacity if you are not able to fulfil every order?

On the one hand, the market is changing all the time. The company tries to adjust to the continuous demand fluctuation, but there are barriers we cannot break through. If the demand for silo plants is high we need more labour, but in long term basis it is not worth to invest into labour increase, because of the periods of demand shrinking, which may occur any time. Obviously, it is useless and clearly detrimental if we dismiss employees in the period of market downturn. On the other side, we would like to increase the number of the staff, but we cannot. Hetech Trend Ltd. does not only pursue to work with the best quality machines and equipment, but also pursue to work with highly qualified professional people and technicians. At present, there is significant shortage of professionals on the market, especially among designers, drawers, CNC machine operators and blue-collar workers.

3. How the economic recession affected the company?

Very badly. In 2008, there were only two projects of the company, which were just sufficient to survive instead of going bankrupt. In this time we could keep the salaries stable, but not from the capital deriving from the projects, but from own capital. In 2009, the company acquired ten projects and then there were a continuous upward growth. 2010 and 2011 was the year of the company developments, we could improve our competitiveness, market position and product quality, also. In 2011, we had 20 very significant projects and we could focus on the company investments and developments again. For 2011, Hetech Trend Ltd. recovered from the crisis after a long and challenging period.

4. Could you explain the background of the over three billions forint net income last year? Do you think that the company can hope similar income this year, also?

No, unfortunately. For this business year I estimate the net income around 1.5-2 billion forint. In this year we do not have huge value projects only less value

ones, which will result lower income consequently. However, we have only less value projects this year, it is the first year the company had to refuse an order for projects, because of the well-trained labour shortage.

Over 1.5-1.8 billion forint the company records the year as a successful business year. In 2014, the net income was outstanding. We started to advertise through Google. As a result of this new marketing strategy we gained popularity for wide range of products and services. This intelligent advertisement placement mechanism ensure ads to be viewed by the right people, maximising the efficiency of the advertising expenses. In 2014, the company had built up several high capacity plants in Hungary and in Romania, also. It was a hard year, but it was a lucky year, too.

5. Which department of the company needs the most development?

This company has not a well-structured, complex marketing department, even though marketing lies in the heart of any business success. We regularly take part in agricultural exhibitions, we live the possibility of product placement and advertise ourselves through the internet, but our product appearance is still deficient. Moreover, the company has continuous difficulties and problem to solve in the logistics area. These are the two departments, which need more focus, but the real problem do not originate from these two ones.

As I mentioned before the most challenging factors are the human labour. If we had more well-trained experts and clean-fingered workmen, the work task could be more distributed and more clarified. People would have more time for tasks and have more power, they would be more relaxed and less stressful, consequently they would be more motivated and all of this would lead to a better work atmosphere. If I would like to estimate, we would need more than 16 employees currently over this actually 80 ones. Adjusting to the market demand growth every department of the company will be increased by 2 or 3 employees. But for this, a very significant market changing, a very significant demand growth is needed. The company need more income and after all of this we can talk about the staff increase.

Although the Romanian market is totally different. There insufficiencies in the sale there due to the labour shortage. To solve this kind of problem in the

near future the company will double the number of Romanian employees, adjusting to the forecasts as, the demand will rapidly grow there.

6. Could you tell me about the present projects what the company is working on?

At present we have approximately 50-60 projects, including the building up and handing over of silo plants, cleaners and dryers. We have high volume construction works in Hungary and in Romania, also. Besides this we have projects like, the drafting of staff increase strategy and the installation of new safety system, covering the installation of alarm and camera systems.

7. Do you intend to broaden the supply chain with retailers?

No! The company has a complex, well-organized supply chain. With our modern machines we are able to produce every item need the construction works, which is a huge advantage, as we do not depend on suppliers. We are the suppliers of famous companies like the Romanian Ardealul S.A. Carei and Terracult Srl. We do not need to change on out supply chain system.

8. What do you think, how could the company get acquire more customer?

The key of the ongoing success of the company is the strong, good relationship with the customers. Strong customer relationship does not only mean that the customers are more likely to keep doing business with us in a long-term, but it also means the chances of that customers recommending the company and its products to others. Obviously, the reverse of it also true. If we fail with a customer, creating bad reference, it will have a very bad effect in the long run. We have a complex customer care strategy, we provide the customers before, during and after the purchase. The essential objective of our business is to create good customer relationship, good references and create business from this success. Some years before, the company got acquire a new market; Baranya County. Actually, it turned out, that an old customer of us from Northeast Hungary recommended the Hetech Trend Ltd. to his friend in Baranya County. Normally, conquering a new market takes 2 or 3 years with a lot of effort and capital.

I mentioned more times the labour difficulties. Every year, around August and September there is a significant demand growth and everyone wants us to be ready for the beginning of the grain harvest, which is in August. Around this time the employees are exhausted and the work is overwrought. We always try to affect and convince customers to build up an already existing silo plants, but most of the cases customers have a definite imagination about what they want. The company has not built up two similar plants yet. Customers are not persuadable, so the company has to adjust to special measures again and again, which means more engineer work, most cost and effort. Mass production could help to shorten the working hours, reducing the labour cost and increasing the income.

I also see the opportunity in shift work. Working schedule outside the traditional working hours, involving evening or night shifts, early morning shifts could help to divide the working task between the blue-collar workers. Moreover, it would lead to the continuous production, which consequently lead to lower production cost in the long run. By continuous production the machines do not have cooling down and warming up periods, which reduce the for example the power consumption, leading lower production cost. As a result of it the prices would decrease by approximately 5-7%.

9. May I ask you to tell me a few words about your long time future plans.

We targeted objectives, like getting more customers, performing more production activity and increasing the staff number. Besides these, in the close future the company aimed to conquer new markets in Romania, for example Bucharest. Hetech Trend Ltd. pursues market development in the coastline, in Bulgaria. Furthermore, we would like to become the suppliers of companies, which sell to other continents, outside Europe.

Moreover, we aimed to broaden the product range of the company. We would like to produce more types of machines, focusing on the whole wheat technology and expand the company profile with the implementation and handing over of seed plants. Expanding the profile with seed plants has a great future. There are very few supply from it on the market. The primary objective is to hand over at least one or two seed plants yearly in the future.

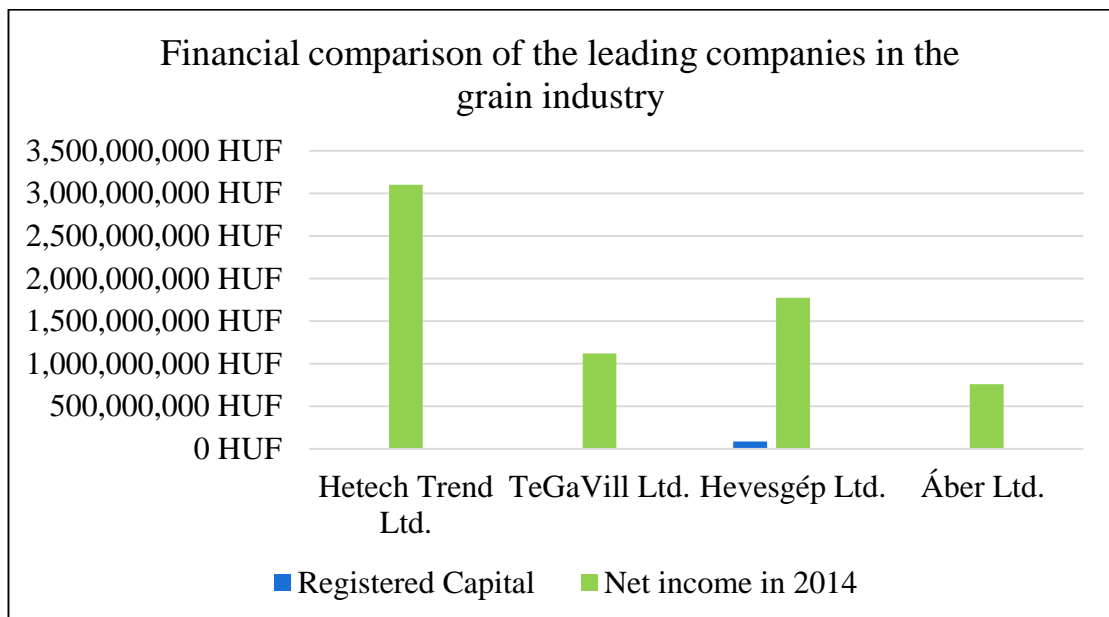
(Huszárik J. *personal communication*, 3 August, 2015)

5. Results of the Thesis

5.1. Market Introduction

The biggest competitors of Hetech Trend Ltd. are; TeGaVill Ltd. in Szolnok, Hevesgép Ltd. in Heves and the Áber Ltd. in Székesfehérvár. All of the leading company in the field of grain industry supply durability, aesthetic design and high technical quality. Despite the strong competition Hetech Trend Ltd. is able to exceed their competitors due to the innovative developments, such as the seed cleaner. The strong market potential of the Hetech Trend Ltd. is confirmed by their outstanding net income in the last year. In 2014, for the first time, the net income was beyond 3 billion, more precisely it was 3,101,292,000 HUF. The other competitors did not even reach the 2 billion HUF. The different net income values are shown in the table below.

Bar Chart 1: The difference net income values are shown in the table below.



(Source: own compilation)

There are other rivals in the market, for example the Pannonagri Ltd. in Tata and the Riela Hungária Ltd. in Üllés, but they supply lower quality products and their product range are not as extensive as the leader companies’.

5.2. Agricultural products

Hetech Trend Ltd.'s products are manufactured based on the European Union's directives and standard sizes, but for special request product accessible in unique sizes. Those companies, which are sorted into a certain high-risk category, and do business activity in Europe, must comply with the Conformité Européenne Mark (CE Mark) requirements. As the grain processing, transportation and storage involve dust formation creating potentially explosive atmosphere and the manufacturing process of all the equipment and appliances are concentrated in Hungary, so all of the Hetech Trend products are CE marked. CE mark, or formerly EC mark, is a mandatory conformity marking for certain products sold in the European Economic Area (EEA). The marking is also found on those products, which are sold outside the EEA, but that are manufactured in, or designed to be sold in. The advantage of this mark that it is recognizable worldwide. CE marking is a manufacturer's declaration that the products meets the requirements of the European Union's directives and regulations concerning the safety, health, environmental protection and any EU product legislation.

The production and the process of the sale meet the requirements of the European Union's directives and standards. The manufactured equipment and appliances by the company fulfil the ATEX directive 94/9/EC, so they are safely applicable for use in a potentially explosive atmosphere. Due to the operation in a potentially explosive atmosphere to prevent a possible accident the company uses explosion vents and opening detectors. Explosion vents are a kind of safety panels which open for a given measurement of pressure (even dust or gas explosion), releasing the high pressure wave with an extraordinary short time. The panels cannot be restored after any explosion. The CE-marked explosion vents are purchased from ELFAB Ltd. to safe machines and equipment from explosion, overpressure or even from vacuum.

The qualified, certified vents are manufactured based on the ISO 4126-2 standard. Based on it they are made of high quality structural material with modern technology for the protection against excessive pressure. The explosion vents are metal sheets intersected by a laser. The vents open – on a predetermined burst pressure - alongside the intersection points without slinters, blowing off the pressure. After the explosion the vents stay in their frame.

The explosion panels may be equipped (in the factory or afterwards) with ATEX-approved opening detectors. These devices are equipped on the external part of the vents. They can make signs (light, instrument) in case of explosion to the operator, who can put the protected machine into an emergency stop status. The panels made with opening detection device may be installed with thermal insulation minimizing the heat loss and the level of the condensation of different gases on the panel surface. The various panels can be manufactured flat or domed shape, in different forms (rectangle, circle, trapeze, etc.) and they can be used for silos, belts, conveyors, chain conveyors, furnaces, etc.

5.2.1. Main Products

The main products are the company's products which are most directly related to their core competencies. „Core products are central to the company's performance and make the most money that sustain the business.” (Wikipedia, 2015b) A cleaner value is around 4-5 million forint. Dryers value are approximately 1 million and metal silo bins value are from 1 to 4 million forint.

Cleaners

After harvesting, the contaminated grain need to be cleaned by grain cleaners installed into the technological lines before storage. Hetech Trend Ltd. developed the seed cleaners jointly with Tisza Vetőmag Ltd for both small and great companies functioning in the agricultural sectors, which are perfectly applicable for the cleaning of industrial small grains and bigger grain particles. Based on several decades of active experience, the company developed a cleaner, which is effectively applicable to clean any kind of seeds in addition to the usual grain types, such as wheat, barley, maize or sunflower.

Before the handing over of a grain cleaner consultations are kept about the exact erection and settings. Moreover within the framework of consultation, adding of high quality value to the products, the customer can get opinions from experts to the production of seed or even high quality birdseed, to the growing of industrial seeds to achieve a better market position. Reviewing the area, the composition of plants, the expected yields, the expected grain from the external suppliers, typical weed types and plant diseases the company estimate a quantity of the prospective grains for cleaning. After the data got, the next step is the determination of the necessary cleaning capacity

per hour, the selection of the size of the screen surfaces and the number of screen levels and the calculation of the excess capacity over the maximum flowing quantity of cleaned grain. In case of a flat screen grain cleaner it is also important to consider the grain floating ability of the screen, the separation work by different weight and the effectiveness of the feeder. After the handing over the company offer a comprehensive training program for the operating staff, too.

In 2014, the flat screen grain cleaner was prized with a premium diploma on the biggest agricultural trade exhibitions in Hungary; the AGROMashEXPO and the Agrárgép Show.

Dryers

An essential criterion of the safe and long term storage is the appropriate drying of the grain. „The dryer installed into the technologic line performs continuous drying so the grain moisture content reaches the level suitable for safe storage.” (Hetech, 2014a) Hetech Trend Ltd. started to market MEGA dryers, the dryers of the big Argentinean company; Ingenieria Mega S.A., in 2006 in the Central European region. In the last few years more than 40 dryer plants were implemented, procreated complete, complex technologic systems.

The high quality, energy safe dryers are continuously developed by the experts of the company to reach and maintain simple operation, right scaling features, low environmental impact, and to avoid the high level of quality degradation during the drying process, minimized the investment and maintenance costs. By the new technological features of the dryers (modular design, special grain column, fan installation at multiple locations, continuous unloading, thermal recovery system, dust control) the adaptation of the machines to the grain types, capacity, different harvesting technologies used also in Hungary and in the neighbouring markets, and to any other requisition made by agricultural companies become possible and easier. The capacity size and the grain flow layer thickness of the dryers can be changed. It is continuously determined and recalculated depending on the actual plant size (even the company needs to supply a small farming plants or a great factory).

Against the usual types of dryers manufactured in Hungary Hetech Trend Ltd. manufacture dryers with 10 individual grain columns. This more advantageous innovation result better drying process, because of the more favourable air flow

conditions. Furthermore, by this special design the grain columns are continuously turned over, that is why there is no thermal stress, causing heat damage or even fire.

In case of the dryers the company also focus on the maximum level of the environment protection. The machines, working with 7,5-200 t/h capacity, can be operated by renewable energy sources, like the biomass, diesel oil or liquefied petroleum gas. They also may be operated by natural gas. Dryers use a big amount of thermal energy, but the thermal recovery system can prevent a great heat loss to the environment. Against to the conventional machines this type of dryers retrieve the heat not only from the cooler zone, but from the hot air, too. Furthermore, the multiple located fans demand less electric power for consumption. Last, but not least, owing to the high level of development, the dust handling system provide more favourable dust emission than required by the law.

In 2014, the grain dryer product of the company was prized with a premium diploma on the AGROmashEXPO and the Agrárgép Show. Furthermore, in the machine catalogue of the Mezőgazdasági és Vidékfejlesztési Hivatal H-TECH dryers were qualified in the category 3 of up-to-datedness index, which is the highest category.

Grain Silos

After the appropriate cleanliness and moisture content (it has to be lower than 14-14.5 %) of the grain, it becomes ready to be stored. Owing to the well-designed buildings and special technologic machines the grain can be stored for a long time with the lowest possible quantity and quality loss. The grain silo systems solve the movement of the grain for the proper aeration, since the grain is a living organism, so it has an after-ripening and breathing. The metal silo bins are convenient to store cereals, seeds and granulates also.

Other Products

Hetech Trend Ltd. also manufacture and sale other agricultural products, which are indispensably used as a part of silo plants; grain handling equipment (chain conveyors, bucket elevators, belt conveyors, augers) and accessories (aeration

systems, slides, diverters, ladders and platforms, chutes and clamps, rotary sluices, flow reduction elbows, refrigerators, temperature control systems and seed dressers).

Chain conveyors are general material handling equipment in the grain industry. Hetech Trend Ltd. manufacture them with 15-250 t/h capacity. Bucket elevators serve the vertical movement of the material against the belt conveyors, which serve the horizontal or sloping transportation of them with the capacity range of 40-250 t/h. All the above mentioned grain handling equipment are manufactured with galvanized surface protection. The augers (sweeping augers, tubular augers and trough augers) are used to discharge the silos. The company can supply augers with lower or upper drive in different length. „Sweeping augers are used at flat bottom silo bins. When the grain discharge stops by gravity force the sweeping auger rotating at the bottom of the bin collects the grain into the main and auxiliary discharging hoppers.” (Hetech, 2014b)

The aeration systems are indispensable part of the silo complex. Owing to the different kind of aeration systems the whole grain columns can be aerated. Instead of the traditional air duct system a newish, more preferred special floor system is installed into the flat bottom of the silo bins. Blowing air into the columns the long term, safe storage of the material is provided.

„Slides are special gates to make a controlled break of grain material flow at the spot.” (Hetech, 2014c) The manufactured slides may be manually operated, motor operated or combined (manually and motor operated).

Diverters, which are stabilized mostly at the discharging points of handling machines, manage the direction of the material flow. There are two-, three-, or more way diverters. The two-, or three-way diverters have a rectangular, the more way ones have rounded structure. All type of diverters are manually operated with electric motor or with pneumatic force. The size of the standard diverters are 200, 250 and 300 mm, manufactured with galvanized surface.

Ladders and platforms are used almost everywhere in the silo plants. Due to the regulation ladders have anti-slip rungs and backrest cages and platforms are manufactured with handrails and grating. Both equipment have galvanized surface.

Chutes, pipe clamps and other transition shape pipes are indispensable part of the silo plants. They are executed in 2 m long standard size with galvanized surface protection. Their diameters are determined by the line capacity. Rotary sluices dose

the grains. The flow reduction elbows decrease the speed of the material movement, saving them from damage.

The appropriate setting of the temperature of the silo bins is a very important task to avoid the overgrowth of the germs and microbes resulting infections and germination. Refrigerators are responsible for the cooling of the grain. Temperature control system shows the measure of the temperature of the grain in the silo bins. There are manual thermometers and built-in ones, too. The newest temperature control systems not only show but also record the data. In the silo bins the built-in thermometers are used.

Not only the inadequate temperature but any kind of diseases can cause impairment or full degradation. Based on the pre-calibrated parameters seed dresser doses a liquid, the dressing agent onto the grain uniformly, which deplete the grain from pests, microorganism and any contamination. The dressing agent is a factory-made, chemical suspension, which need only dilution. The seed dresser work by the gravity flow of the seed, which is why there is no idle run. After the restart the calibrated parameters stay constant. After the cleaning the machine is easy to evacuate and refill. The 280 kg machine with 5 t/h capacity range is easy to use and has a reliable operation. Hetech Trend Ltd. pursue to keep the load of the environment as low as possible. Owing to the careful development of the seed dresser the overflow of the dressing agent is impossible.

5.3. Business Management System

In order to meet the company's objectives Hetech Trend Ltd. described and recorded a set of procedures, processes, practices and policies, which need to be followed consistently by everyone working to the company. Everyone needs to keep in heads the business management system to be clear on who does what. The company's system provide a model to follow to use out the company's resources more efficiently, to reach improved risk management and to increase customer satisfaction as services and products systematically deliver what they promise. Taking advantage of the global management experience and good practice the company is able to operate easier, quicker and cheaper. The development of their business process system is continuous by their own capital or support from outside.

To fulfil the needs of the partners on high quality, on stable way and constantly, Hetech Trend Ltd. has introduced the ISO 9001 Quality Management

System. They focus on achieving quality policy and quality objectives to meet customer requirements by keeping the predetermined structure, terms and definitions recorded in the ISO management system standards. To follow these international standards is very important, as Hetech Trend Ltd. operates in the global economy by selling and buying products and services outside of its domestic market.

ISO 9000 series are standards for quality management and quality assurance. This family offer an effective and efficient quality management systems for the continual improvement and business excellence. ISO 9000 family include the ISO 9001 standard, which specifies the basic elements for a quality management system (QMS) for the organization to demonstrate its ability to permanently provide its products and services that generate customer satisfaction and meet the corresponding statutory and regulatory requirements. The ISO 9000 family contains the eight Quality Management Principals, which gives guideline to the daily method of operation of the Hetech Trend Ltd.

5.3.1. Principal Directives of the Hetech Trend Ltd.

1. Principle 1 – Customer Focus

As the company depend on their customers they have to reach and understand both on the current and the future customer needs and pursue to fulfil the customer expectations. By the well-defined customer service policy the company is able to ensure a balanced approach between satisfying customers and the owners, employees, suppliers and the society, also. In order to reach the maximum level of customer care the company put a great emphasis on the business communication; both the internal and the external communication. They also consistently focus on the Customer Relationship Management (CRM) and measure the customer satisfaction. Through the following of the Customer Focus Principle the company may continuously count with customer loyalty improvement, increased effectiveness, company resources, revenue and market share, because they can make responses to the market opportunities quickly and flexible way.

2. Principle 2 – Leadership

In every department of the Hetech Trend Ltd. leaders personify the unity of purposes, give directions, inspire and motivate the employees. The well-developed leadership can reduce the miscommunication between the company. They create an internal environment where people are fully involved in achieving the organization's goals and objectives. The most important task of the leaders to follow the company vision, show example, develop people, coach employees, generate enthusiasm, recognize people's contributions, evaluate them, cope with change and fix breakdowns. Based on the recognition and the consideration of the interest of every stakeholders, both the internal; employees, managers, owners and the external ones; the government, local communities, suppliers, society and customers the leaders establish clear vision about the future, set challenging goals, targets and encourage workers for both individual and team work solutions. The required resources to the work are also provided by the leaders. They also provide the team with adequate information about the work process and the trainings for example. For instance the foreman of the members of the locksmith's shop or the assembly shop may inform the people about the upcoming date of the fire safety training or likewise, employees will know about the forklift training program. Probably, the well-chosen leadership is one of the reason of the positive, friendly environment in the company, which result higher job satisfaction among employees, increased productivity and higher rate of engagement. The operation of the Hetech Trend Ltd. is based on trust against the increased number of the workforce.

3. Principle 3 – Involvement of people

People are the essence of the company and their full involvement are beneficial for any organization. As the staff are motivated and committed they accept and understand their role and importance in the company. The friendly environment encourage people to openly discuss the problems and issues, to share knowledge and experience. It makes feel people to perform for the objective of the company not only for their personal goals. The involvement of the people creates innovation, creativity and contribute to the continual improvement.

4. Principle 4 – Process approach

„A desired result is achieved more efficiently when activities and related resources are managed as a process.” (ISO, 2012) To obtain the targeted aim it is important to define the necessary activities consistently. For managing the key activities the determination of the employees exact job description is indispensable. In this way they see clearly their responsibility. The analysis, the measurement, the identification, the examination of the consequences on the interested parties and the risk evaluation during the process improve predictable results. The continuous focus on the different factors, such as the resources, methods, materials results lower costs and shorter cycle times. „The process approach introduces horizontal management, crossing the barriers between different functional units and unifying their focus to the main goals of the organization.” (ISO, 2008)

5. Principle 5 – System approach to management

The identification, the understanding and the direction of the interrelated processes as a process contribute to reach the goals in the most effective and efficient way. It is important to understand the interdependence of the processes to structure a complex system. One process output is the input of another process. After the recognition of the connections complex process networks can be stated. As the Hetech Trend Ltd. can define its operation processes with the help of process models and flow charts they have the ability to focus on the most important tasks. It also helps to the employees to understand their roles, responsibilities and to see the organizational capabilities and establish resources. Obviously, the continuous improvement of the systems through constant measurements and evaluations is necessary.

6. Principle 6 – Continual improvement

The overall performance of continual improvement of the Hetech Trend Ltd. is a permanent objective. They make improvements on the products by modern technologies and new investments. The engineers and the architects constantly develop the products with the help of the modern computer-aided design (CAD), which result high quality and new design, making the company

unique in the market. Furthermore, the company provide people with trainings about electrotechnique, hydraulics or pneumatics for example. The developments are always recognized and remunerated. Periodically, the improvements are investigated and evaluated by the audits and first party audits. Owing to the developments the company has performance advantage and more flexible and quicker reactions to the market opportunities.

7. Principle 7 – Factual approach to decision making

The MSZ EN ISO 9001 prescribe the collection and the analysis of data and information, which are applicable for the determination of the compliance and the efficiency of the Quality Management System, and the data and information, which help in the improvement. Hetech Trend Ltd. satisfy its commitments and make data accessible to those who need it and ensure that all the data and information are accurate and reliable.

The company carried into effect the regular measurement and analysis process making. Moreover, there is a requirement to make statistics on the data concerning to the products, developments and the partners. On the one hand it is a company obligation to upload different statistical summaries to the websites of several statistical offices, but it makes easier to look back the older statistical data, also. For instance, Hetech Trend Ltd. upload information to the KSH-ELEKTRA Electronic Data Collection webpage of the Hungarian Central Statistical Office about its labour and foreign trade, too. They serve data to the Research Institute of Agricultural Economics about the agricultural products and to the INTRASTAT Electronic Data Collection System about the transportation of the products and material. They often make statistical summaries about both the exported and the imported products recording the most important indicatives of them; capacity, price, weight and the Custom Tariff Number, which determine specific product groups. They also differentiate the statistical data concerning to the European Union, outside of the European Union and Hungary.

Based on the factual information effective decisions and predictions can be made to take actions in accordance with the pervious experiences and intuition. This way the decision-makers have an increased ability to review and change opinions and decisions.

8. Principle 8 – Mutually beneficial supplier relationship

However, this principal is not included in the MSZ EN ISO 9001 management system standard, only in the MSZ EN ISO 9004 one, but the Hetech Trend Ltd. has pursued to meet the requirements of the Principle 8. Between the company and its suppliers are mutually interdependence, their ability to create value is increasing through the mutually beneficial relationship. Between the two parties there are well-developed mutual strategies, joint investment, improvement and development activities as a result of the open and clear communication. They also share the information, expertise, future plans, resources, risk, and the benefits. This bilateral relationship establish balanced short-term gains with long-term considerations. After long-term and deliberated decision process the company has chosen its key suppliers. The most significant suppliers are the company with the longest history in this field; the Spanish PRADO Transformados Metalicos S.A., moreover the Spanish Symaga S.A. and the Italian Frame Srl., but there are suppliers in France and Great Britain for example. The continuous evaluation, development activities, inspiration, encouragement and the recognition of the achievements by the suppliers have a very important role in this field. With the help of this principle the parties can optimize the costs and the resources and they will be able to react quickly to the market changes, and the customer needs and expectations.

However, the certification to any management system standards is not obligatory, but the certification can be useful to add credibility, by demonstrating that the products and services fulfil the customer expectations. Customers may require that their suppliers conform to ISO 9001 or a safety criteria. In addition, those companies, which are sorted into a certain high-risk category, and do business activity in Europe, must comply with the Conformité Européenne Mark (CE Mark) requirements. As Hetech Trend Ltd. falls into this category they started to apply the ISO 9001 standard, as it is one of the acceptable quality management systems to get acquire the CE Mark.

By getting the ISO 9001 certification the organisation is able to show that they have an effective quality management system. In 19 December, 2011, Hetech Trend Ltd. obtained the ISO 9001:2009 certification (certification number: INTERCERT 111100) issued by a Hungarian certification body; the INTERCERT Minősítő és Tanúsító Kft. INTERCERT Ltd. has been accredited by the member of

the International Accreditation Forum (IAF); the Nemzeti Akkreditáló Testület (NAT). After the expiry of the certification in 19 December, 2014 the company obtained the documentation for 3 years again. The certification number is: INTERCERT 141100. This document is valid till 18 December, 2017, if the company is able to certify the adequacy of its business management system to the standards by audits yearly. Audits also make it possible to check how the achievements of the company meet the objectives. Both certificates of quality management system are valid for the designing, production, trading and installation of agricultural products and its accessories.

According to the ISO 9001 standard the task of a quality assurance manager of a company – who is Diána Képes at the Hetech Trend Ltd. – are for example the following: creation, introduction and maintenance of the processes necessary to the business management system, reporting to the top management about the operation and the development needs of the quality management system, keeping the contact with outside parties in connection with the quality management system. Quality assurance manager works with other staff within organisations to determine and establish procedures and quality standards and to monitor these. The primary aim of the quality assurance manager is to forward the effective and efficient operation and development of the quality management system at the company.

One of her task in connection with the ISO certifications is the auditing. „Auditing is the on-site verification activity, such as inspection or examination, of a process or quality system, to ensure compliance to requirements.” (ASQ, 2013) Auditing is a systematic, independent and documented process in order to obtain audit evidence and evaluate it objectively to determine the extent to which the audit criteria are fulfilled. Diána Képes performs the first-party audits regularly to measure the company strengths and weaknesses against its own procedures, methods and against external standards adopted by the company. So the first-party audit is an internal audit. By these system audits the company can evaluate itself against the predetermined instructions or standards to determine its conformance to these standards and the effectiveness of the instructions. Primarily, these audits are conducted on the management system. They help to describe and verify whether the applied elements of the business management system are adequate and effective and have been developed and implemented in accordance and in conjunction with the specified requirements. In a nutshell, the quality management system audit evaluates the

existing quality program to clarify its conformance to the company policies, contract commitments and the regulatory environments, also.

On the other side, there are so called external audits, such as third-party audits performed by authorized outside parties. The third-party audits are prepared by an audit organization – in this case by the INTERCERT certification body – independent of the supplier-customer relationship and is free of any conflict of interest. This kind of audits may result certification or even penalty. The adequacy of the MSZ EN ISO 9001:2009 certification of the Hetech Trend Ltd. has to be reviewed yearly to its validity by the third-party audits.

„Striving to achieve operational excellence is one of the most important contributors to an organization’s sustainable performance and growth.” (Dupont, 2014) Hetech Trend Ltd. by the reaching of a higher level of business excellence reap several benefits, such as a systemic, evolving and effective approach to business operations, a continually productive and innovative workforce, and a company that systematically realizes sustainable growth and increasing valuation. But what is “operational excellence” exactly? „It isn’t necessarily a destination; rather, it is an ongoing journey that organizations continuously travel. It focuses on minimizing and managing downside risks while maximizing an operation’s performance and shareholder value. Along the way, numerous factors are essential to the success of the journey. One of them is operational discipline.” (Dupont, 2014)

Besides the certification of the quality assurance system the company possesses building technical approval, and conformity certificates of fire protection for products, like grain dryers, dust cyclones, chain and belt conveyors, and bucket elevators. The company are also officially registered as construction constructor by Hungarian Chamber of Commerce and Industry. Also, in compliance with the regulation of the Magyar Szabványügyi Testület the company satisfy the most important requirements; such as the reduction of environmental heat load and the noise and dust emission.

5.4. Logistics and Production Strategy

The machine manufacturing activity was started in 2006, in Kecskemét on a 1200 sqm area with 6 ironworkers and 10 office clerks. Since then the number of the staff was multiplied and the production hall was expanded to 1800 sqm to produce the

above mentioned core products and accessories, such as handling machines by modern manufacturing machines and qualified workers. The continuous expansion and up growth is justified by the construction of a new production hall and warehouse of 2900 sqm started this year. The aim of the continuous expansion of the warehouse hall is to increase logistical capacity and the logistical quality and to make the service quicker to the customers.

In case of a company, like Hetech Trend Ltd. the importance of the logistics management is outstanding. The logistics coordinators of the company are key members of the management system. They need to find the best possible method for the movement of merchandise and arrange the pickups and deliveries on different loading platform. The coordinator manage the shipments of the products to the final location. The well-developed planning process, the implementation of efficient and effective storage of raw materials, finished goods and services, the great management of the product flow from one point to the other all provide competitive advantage against competitors. The aim is to provide shipments of products in a more accurate and faster way than competitors do. Logistics is used as a way to build good consumer relations. Generally speaking, the great customer relations may mean more business. It is especially true in case of Hetech Trend Ltd. Why? Because the building up of silo plants are multi-million businesses. No one will invest into a multi-million project only if they have a strong, persuasive argument to do that. The most convincing influencing factors are other customers' experience. If the company provide good quality customers will tell other customers about.

Hereupon, it is very understandable the importance of the logistics management. It is an integral factor that plans, implements and controls the efficient and effective production and service, information flow and the storage of goods in order to meet customers' requirements. It also includes transportation management, freight and inventory management, material handlings, scheduling and the order of fulfilments. In brief, the aim of logistics management is to deliver the right quality products to the right place at the right time. „Information technology is one of the most important parts of logistics management. Technology now allows business to locate a product any time of the day or night at any location around the world.” (Chron, 2015)

In the production halls the manufacturing process is similar to the assembly line methods. The interchangeable parts are added to the work in progress (WIP) one in a sequential manner in different places of the production hall. Each station some

part of the production process takes place, adding value to the WIP items. The process is supported by semi-automated machines, but the manufacturing activity does not happen along conveyor belt. By this individual production process the company is able to increase factory productivity and efficiency. Due to this system the production periods are shortened. This process needs developed communication systems, material flow plans and accurate production schedules. On the other side, any failure at one point in the line can cause slowdowns from that point forward. That is why this system needs sophisticated coordination for the smooth running.

5.4.1. Production Strategy

Hetech Trend Ltd. has complex, long-term action plans for production of goods and services. Production strategies are made for achieving the primary aims and objectives of the company. Production strategies determine how the production department has to perform and decide about the investment to be made for production, the technology to be used for production, the training to be given to the production staff and the production schedule to be followed, for example. It also decides about when to introduce products and services in the market. The complex, well-trying strategy covers Make To Stock (MTS) and Make To Order (MTO) strategy. „In Supply Chain Management (SCM), it is important to carry out processes halfway between push type and pull type or by a combination of push and pull type.” (Lean Manufacturing Japan, 2008) The MTO and MTS are combined and interchangeable. For example, if the inventory level is very high then push type products can be changed to be manufactured by pull type production in order to generate greater business opportunities.

In the MTS production strategy, which is regarded as push type production, goods are produced before customers place orders. The manufacturing process is based on demand forecasts, but the production is not based on actual demand. The forecasts are directed to mass production urged standardization and efficient business management. Just as the economy boosts, the income of consumer increases, continuously increasing the demand. Even if there is a significant supply towards the customers, the inventory is kept at least at the minimum point and products can be supplied with short lead times and high speed. In the opposite case, if the economy falls, the income of consumer decreases and the demand also decreases. In a nutshell,

demand is determined by the boom or the bust cycle of the economy. Even if demand falls while inventory increases, stock will turn into cash when demand recovers. Therefore, business management needs to predict the future demand based on the demand fluctuation of the past to find the equilibrium point of the supply and demand. If demand is estimated accurately then there is no difficulties in creating forecast production schedule. With the help of accurate forecast studies the excess of the inventory and the possible stockout is avertible. Obviously, besides the forecasts the company takes care of the determination of the convenient measurements of safety stock, optimal production, ordering points based on lead times of material procurement, production and delivery. In summary, this type of strategy allows to produce products on equable basis, and the determination of the exact number of units to produce for each production run. Also, it allows the manufacturer company to produce goods in long production runs, taking advantage of production efficiencies. Not all the Hetech Trend products are manufactured based on MTS, only those items which are standard, widely applicable in the building of any silo plant. With MTS-type products the company can response efficiently and quickly to consumer needs, minimizing opportunity loss. By following this strategy, the product flow accelerates and cash flow increases, creating competitive advantage in the market.

The other strategy used by the company combined with MTS is MTO. In case of MTO the production is based on actual demand. According to this one the production is started after reviewing an order from the customer. After receiving request to build up a silo plant is started the pull type manufacturing operation. It is exactly the opposite business model compared to push type strategy or other words MTS strategy. The reason why Hetech Trend Ltd. applies this strategy is the everytime different requests for silo plants. There is no two perfectly identical silo plants. To stay competitive in today's marketplace, the company has to understand their want and needs and fulfil their expectations and requirements. The company reacts for the various imaginations flexible, but only after the order can they start the factual manufacturing operation. By this method they can avoid the cumulating of inventory.

Lean manufacturing is a systematic method for the elimination of waste. According to this approach waste is any activity that consumes time, resources or space without adding value to the products or services. The essence of lean production is that real value is only and exclusively those actions or processes for what customers are willing to pay. Lean, which is derived mainly from the Japanese manufacturing

industry; the Toyota Production System, is centred on making obvious what adds value by reducing every other factor. During the waste elimination quality improves while production cost and time are cut back. The cost reduction is induced by that the company produce MTO products only for customer order, since overproduction raises inventory costs because of storage needs, for instance. If the production flows smoothly then there is no inventory with respect to the MTO products. The most mentionable advantages of lean manufacturing are less inventory, increased productivity and increased capital equipment utilization. To achieve the most advantageous flow lean manufacturing focuses on getting the right things to the right place at the right time in the right quantity, while minimizes waste and stay flexible to change any time.

One of the integral system of demand-based lean manufacturing is pull system or MTS, which pillar is Just-in-Time (JIT) methodology. JIT is an inventory strategy where materials are only ordered and received as they are needed. When sales activities acquire more production, inventory is pulled and more manufacturing supplies are ordered. More precisely, Hetech Trend Ltd. applies Build To Order (BTO) and Engineer to Order (ETO) strategies. ETO approach is one in which the company designs and manufactures product based on very specific customer order. As the end silo plants are very complex buildings, so the high level of customer participation in the design and manufacturing process is needed. Typically the production information and specifications are continuously moving between the company and the customers. Multiple parties working together can cause several challenges and difficulties. ETO products are well-tailored, they are often built from hard to source and expensive parts and highly engineered pieces. As the acquisition of the necessary items are both time consuming and costly, it is important to define in a contract how engineering changes will be handled; what type of changes will be accepted or rejected and what the company will charge for engineering changes. During the production process the company also creates Bill of Materials (BOM) for each product. BOM is the list all the items, parts, components needed to manufacture a product. They create BOM as it is a useful way to manage a large amount of product data as well as highly complex product information. More importantly, managing BOMs makes the possibility of future specialization of a given product. This way a highly customized product can become more of a basic commodity product in the future.

BTO manufacturing is used to create products to the exact specifications requested by the customers. There are advantages and disadvantages of this kind of strategy. The positive side is that the products are tailored to the customer's needs which ensures customer satisfaction and company does not have to worry about having inventory that does not sell. BTO strategy eliminates unnecessary inventory. On the other side, the company has a low supply of ready-to-sell products and customers have to wait longer to receive their customized products. A long wait time can direct individuals away to purchase from others with full inventory. This can cause profit loss from potential sales and can decrease the overall profitability of the company.

5.4.2. Warehouse and Inventory

The expanded, well-equipped warehouse has cranes with significant lifting capacity and forklifts to move goods, which are placed on wooden pallets loaded into pallet racks. Hetech Trend Ltd. uses several different pallet sizes. There are ISO standard pallets in the size of 1200 x 1000 mm and pallets in the size of 1200 x 800 mm, which is the standard European pallet, since it is specified by the European Pallet Association. Most of the pallets can easily carry a load of 1000 kg. Choosing the right size of pallets are very important after the consideration of the available storage place (for example the capacity of a truck) in order to maximize the storage capacity. By well-chosen ones for loading and unloading the company reaches faster material movement, handling and storage and it also decreases transportation costs. Pallets are reusable packaging items; they are used until such time when they will need to be replaced. Pallet racks are generally used to organize the warehouse. They are essential and ubiquitous part of the modern high-ceiling building, where into the palletized materials are loaded. The high racking system consists of horizontal rows with multiple levels increasing the storage density of the warehouse. The high density pallet storage system utilizes depth to increase storage capacity, makes possible the quicker and clearer stock movement and to fulfil the increasing demand of the market. Not only the height of the racks, but the adequate placement of them is also determinative to maximize the storage capacity. Forklifts are integral part of the pallet rack system, since they are used to load pallets onto the pallet racks for storage. The warehouse makes possible the checking and packing of the goods, products. Moreover it allows transport optimization along the supply chain and allows to work with optimal inventory, economic order quantity. The stable and immutable stock holdings ensure

the safety of the partners. The location of the warehouse and its loading bay facilitate the faster service of the trucks. This process is also supported by material handling machines and modernistic IT administration system.

A business one of the most important assets is inventory, representing an investment until the products are sold or used in the production of an item that is sold. That is why the proper management of the inventory of any company is an indispensable responsibility. Inventory management covers the supervision and control of ordering and storage of components that the company will utilize, moreover WIP and finished goods for sale. To control the inventory and every activity connected to it the company use inventory management software for the maintenance of inventory levels, supervision of orders, sales and deliveries. It is also used in the manufacturing process to create work order, bill of materials and other production related documents. The company utilize inventory management system to avoid overstocking inventory, under stocking or any outages. With the help of this software the logistics department can easily organizes inventory data. Proper inventory management is all-important to maximize operational efficiency and profitability.

Table 3: The values of inventory in 2014 separated the beginning and the end of the business year.

		Beginning Inventory	Ending Inventory
01	Manufactured Products (02+03)	107,919,000 HUF	23,585,000 HUF
02	Work in Progress (WIP)	27,733,000 HUF	13,394,000 HUF
03	Finished Goods	80,186,000 HUF	10,191,000 HUF
04	Raw Materials	93,582,000 HUF	66,389,000 HUF
05	Goods and Services	29,234,000 HUF	40,525,000 HUF
06	Total Purchased Inventory (04+05)	122,816,000 HUF	106,914,000 HUF
07	Total Inventory (01+06)	230,735,000 HUF	130,499,000 HUF

(Source: own compilation)

In 2014, the value of Cost of Goods Sold (COGS) was 1,206,519,000 HUF. This cost includes all costs of purchase, costs of transformation and other costs incurred in bringing the inventories to their current location. The cost of goods produced in the company includes every costs of production, in other words the cost of goods made by the company includes material, labour and allocated overhead costs.

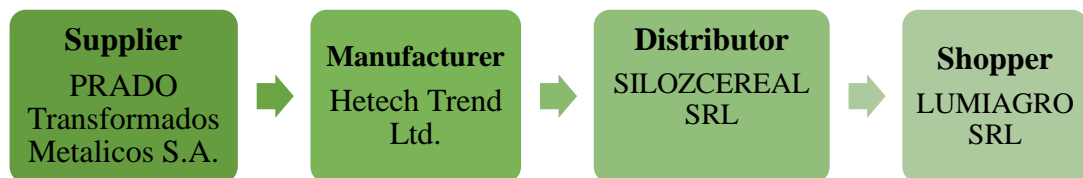
Inventory has an important effect on profit and cash flow. Inventory is one of the factors can monitor to improve the business profitability. The impact of prosperous inventory management can be evinced in the profit level of the income statement. Due

to the successful inventory management in 2014, the total net income was 3,101,292,000 HUF. From this, the net income coming from the export activity was 1,864,568,000 HUF.

5.4.3. Supply Chain

Hetech Trend Ltd. has several supply chain model. In the figure below you can see a possible supply chain of Hetech Trend Ltd, showing how the products and services move from the suppliers to the customers. In the movement all the organizations, people, activities, finances, information and resources are involved. Supply chain activities cover the manufacturing operations, transformation of raw materials, natural resources, the delivery of the WIP and finished products to the end users. Supply Chain Management (SCM) covers all activity concerning to the supply chain; sourcing and procurement, conversion and other logistics management activities. It encompasses the coordination and collaboration with channel partners, such as the suppliers, intermediaries and customers, too. One of the primary responsibility of the SCM to integrate the demand and the supply to reach a high-performing business model. It also closely linked to the marketing, sales, product design, finance and information technology.

Figure 1: A possible supply chain of Hetech Trend Ltd.



(Source: own compilation)

As I mentioned before Hetech Trend Ltd. has noted suppliers, like the Spanish PRADO Transformados Metalicos S. A. or the Spanish Symaga S. A. and the Italian Frame Srl. The supplier provide the manufacturer with natural resources, raw materials and other components. To the conversion very wide variety of raw material needed for example iron, which is made into steel, aluminium, glass, petroleum, rubber, different fibres and various types of thermoplastics, for example PP (polypropylene), PE (polyethylene) or PS (polystyrene). In 2014, the raw material stocks included metal tubes, round and flat steels, metal plates and metal nails. Suppliers also serve WIP and finished goods, such as wind rings, internal ladders, roof

ladders, roof railings, rest platforms, inspection doors, access doors, roof and floor aeration systems, fans, temperature monitoring systems etc.

The company secures and defines the company-supplier trading relationship by service-level agreements (SLA). SLAs are agreements, contracts with suppliers that define the service they must provide and the level of service to be delivered. It includes the payment terms, the timetable for delivery, the respective responsibilities of suppliers and customers, provisions for legal and regulatory compliance, mechanism for monitoring and reporting of service, how disputes will be resolved etc. SLAs require permanent discussion and updating, for example if the demand changes, the company require different performance criteria.

In order to improve efficiency Hetech Trend Ltd. share information, plans, forecasts and consumer data with its suppliers by high speed internet connection. They analyse real-time information about sales, orders and market trends to forecast and react quickly to changes in demand. E-collaboration between Hetech Trend Ltd. and its suppliers means for example e-mails, phone calls or more sophisticated technologies to share information in real time, such as inventory planning and forecasting systems in order to use the inventory products to forecast the market demand. They also use online analytical processing systems to analyse past sales performances and make consequences based on that.

The purchasing decisions are determined by factors, like the quality, quantity, time and location. Furthermore, they have to take into account the delivery, handling, marginal benefits and even price fluctuations. The goal of procurement logistics is the cost reduction and to ensure the adequate raw material quantity to make finished goods. Without quality goods, the company cannot manufacture quality products. Having enough products stocked is also needed for supply and demand purposes and to maximize customer needs. With the help of the reliable and competitively-priced suppliers the company may reach competitive advantage in the market.

Hetech Trend Ltd. has foreign distributors in Temesvár, Romania (SILOZCEREAL SRL) and in Feketics, Slovakia (AGROKONS DOO). Distributors move manufactured goods to the end-users. However, the movement of the products to a distribution centre and transport the goods to the customers from there, adds unnecessary costs over simply delivering the products from the manufacturer to the customers, but actually distribution system saves money over the Direct Store Delivery (DSD) by allowing the transportation of large quantities of goods at lower

cost compared to transporting a small number of items. Using distribution centres mean planning advantage, as large inventory quantity can supply customers on the area quicker. The other significant advantage of the distributors that the company can turn the responsibility of dealing with international trade laws, shipping through customs and handling the cultures of the given foreign country over to the distributors. Besides that, the manufacturer can turn over the responsibility of administering customer service duties to them, and can cut back the need to invest into the customer service department, too. Summarizing, distributors in the supply chain can reduce the responsibility of the company and lowers the operating costs.

The distribution logistics management manage the delivery of the finished products to the customer. The distribution depends on where, when and how much of the product needed. Obviously, distribution logistics includes warehouse management with the primary aim to control the movement and storage of products within the warehouse, moreover to manage the shipping, receiving, putaway and picking. In the distribution centres the equipment move on conveyor belts in the huge warehouses. The storage system is supported by computer hardwares and softwares organize the inventory any the movement of the manufactured goods. The staff and the supervisors have the skills and experience to manage the warehouse inventory effectively and efficiently. Trough efficient monitoring of the flow of products the distributors can get along the products to the end-users. By the order fulfilment the efficiency, reliability and accuracy are ensured.

The supply chain of the company does not include retailers. Moreover, most of the cases it has a simple direct supply chain, selling consumable products directly to consumers. That is why the company need to take care for the customer care as selling the products are the responsibility of the company. To the success of the direct selling the personal presentations, demonstrations are very important. According to the World Federation of Direct Selling Associations (WFDSA) consumers benefit from direct selling because of the personal demonstration and explanation of products and generous satisfaction guaranties.

Merchandises are transported only by trucks. Road transport is a very popular mode of transport to deliver orders. It is fast, cost effective and makes possible to communicate with the driver easily. On the other side the company has to count with threatening factors, like traffic delays, breakdown or any damage of the products through careless driving, bad weather, and driving regulations. Trucking logistics

deals with the research and planning of trucking operation at the company, taking into account all the influential factors on the transportation of goods with the goal of maximizing productivity and efficiency. It includes the planning the most efficient routes for truck drivers, selecting optimal fuel types adjusted to the market trends, choosing the best kind of trucks for the particular task, and employing qualified, careful staff of truck drivers. Good trucking logistics helps achieve success, contributes to a greater benefit and eliminates unnecessary expenditures that could limit the business excellence.

Hetech Trend Ltd. does not only use its own truck for every shipments. In case of very large amount of cargo the company's carrier; ARES Hungária Ltd. puts into effect the transportation. In this case all the activity in connection with the logistics is transacted by the ARES haulage contractor, such as loading and unloading containers, storing, distribution, picking, palletizing, wrapping etc.

Based on the convention of the United Nations the company has to fulfil the CMR Convention if the location at which the transported goods are accepted and the location at which the products are delivered are in two different countries. CMR Convention; Convention on the Contract for the International Carriage of Good by Road relates to various legal issues concerning transportation of cargo by road. Briefly, CMR is a standardized document required for cross-border transport of cargo by road. The carrier issues CMR waybill, which is checked by customs and police and is recognized, accepted in all over Europe. CMR waybill shows information of the shipper, receiver, haulage contractor, enclosed documents (for example delivery note or invoice), nature, type and quantity of the products transported, point of the origin of the consignment and its destination, route, vehicle licence plates. The liability for the possible transport damage is also stated in the CMR waybill. The sender company possesses a red, the receiver a blue and the common carrier a green coloured document.

Logistics has some level of risk and the task of the company is to minimise all of these risks and to maximise the profit. The identification every strategic and operational risk in logistics and supply chain are necessary to find solution against the growing problems. The company has to count with the possible logistics failure, lack of inventory, overstocking, under stocking, transport congestion, traffic jam, cargo theft, carrier delays or non-performance, environmental effects affecting logistics, new regulatory risks or the bankruptcy of the transport provider. Any disruption in the

supply chain, or in the logistics activity may greatly impact the business. For instance, the fines of the non-compliances derived from difficulties of logistics may cause increased costs, sometimes running into millions of forints. Not having sufficient inventory to sell can lower revenue, affecting profitability. On the other side, there is many problem of overstocking inventory, since it causes warehousing expenses, as it requires more labour and space. A late delivery of a supply needed to manufacture a product may causes absolute work stoppage. Timing is critical in logistics, because one missed delivery can results enormous delays. If the manufacturing process stops, the chain reaction will reach the consumer in the end. The supervision of the supply chain, production flow and the entire logistics activity is a complex and challenging objective, but if each department of the company knows what to do and what is expected they will be able to join forces and reach the predetermined plans and goals.

Through exact identification, assessment and prioritization of risks the risk management of the Hetech Trend company can minimize, monitor and control all the probability and impact of unfortunate events and maximize the opportunities. The aim of the risk management is to ensure the smooth fulfilment of the business objectives. Risks may come not only from the logistics and supply chain activity, but from various other sources, for example uncertainty in markets, threats of project failures (at any phase in design, development, production or sustainment life-cycles), accidents or even human factor variables (health of the employees, decision making of them). By the identification of problems, complete analysis, determined targets and focusing, clear understanding and good communication well-established strategies can be applied to manage uncertainties with negative consequences, certain positive outcome.

5.5. Corporate Communication

Corporate communication is a set of activities what cover all of the internal and external communication of the organization with the aim of creating favourable point of view about the company. Briefly, corporate communication is the entire communication activity generated by the company. It includes management communication, organizational communication and marketing communication. The aim is to communicate the same message to all stakeholders, to transit coherence, authenticity and ethic.

5.5.1. Management Communication

Management Communication covers the methodical planning, implementing checking and supervising of every channel of communication within the company. It includes the dissemination of new communication directives, networks or technology in the company. Management communication's task to develop corporate communication strategies, design internal and external communication directives and manage the flow of information.

Efficient communication is needed to the exchange of essential information in the daily operation. Unfortunately, according to the employees there is a significant deficiency in the communication of the company at present. Despite the friendly environment and the regularly organized team build activities to eliminate interpersonal difficulties there are several misunderstandings and debates among employees. Sometimes employees allow personal issues to influence their working ability, damaging communication efficiency. This leads to operational difficulties slowing the growth of the organization. Furthermore, as Hetech Trend Ltd. has a diverse workplace, language barriers can cause communication stoppage. Language barriers may occur not only between people of different ethnic backgrounds, different ages or people of different levels of industry experience, but between people with distinct mother languages as there are Romanian and Serbian employees of the company, also.

5.5.2. Organizational Communication

Organizational Communication covers employee communications, investor relations, corporate advertising, public relations, public affairs and environmental communications.

Internal communication or employee communication is used to disseminate information of corporate activities, build shared understanding of corporate goals, improve job satisfaction through the company. It is about building a corporate culture on values to direct the company. In order to correctly satisfy the customer needs the effective communication flow are indispensable at the workplace. The new communication technologies are important investments for the adequate workplace communication. In Hetech Trend Ltd. every office worker has an own computer with internet access, special settings and programs. Every computer in the company is

linked by different drives. There are different drives for usage to the financial or the designer department for example, but there are ones which are mutually used, so the white-collar workers may share documents in it. As a communication platform the workforce use internet based computer-mediated communication (CMC). The superiors and the colleagues usually use e-mail, skype and instant messaging (IM) or social network services to send work-related information to each other. Developing the CMC systems are certainly an excellent way of centralizing the news, updates and any other important information in the company. Moreover, every employee possesses phones paid by the company, which make possible the easiest form of the communication and allow the text-based interactions such as text messaging.

Besides the internal communication the company also gives special importance to the external communication. External communication focus on defining the target audience, spreading news and information about the corporation to the public, customers, and company stakeholders to serve the interest of the company. Trough external communication of the company's value to the target audience, the company can shape and define the image of corporation, share positive information about the company to the public, promoting the company and increasing revenue. The public impression can define the success or failure of the company in the long-run. A strategic communication process can help to build up mutually beneficial relationships between the company and its public. The primary objective of the corporate advertising is to build corporate image, reputation, and name-awareness within the grain industry.

Corporate advertising is an institutional advertising focusing not on the products of the company but the organization itself. The primary objectives are promoting the name, image, personnel, reputation of the company and the industry as well. Creating a website is one of the most powerful marketing tool of any business. Nowadays, most of the people go online and research products and companies before they make a purchase. „Today consumers are spending more and more of their time on the Internet, looking for business information.” (Allianz, 2015) It is more likely than ever that potential customers and clients will first come into contact with the company online. This is why it is very important to have an easily accessible and attractive website. Having a website creates potential to show the credibility of the company and help to give positive impression about the company. Hetech Trend Ltd. has a visually appealing, polished and professional website. It reflects to the company,

the products and services adequately, generating positive impression in the potential customers and keeps them on the site.

Hetech Trend Ltd. has chosen the colours of its website properly. Its colour scheme contain 3 primary colours; green, blue, grey and the tone of these. This simplicity does not distract from the written content, but it creates a proper mood for the business. Due to the right contrast and the corresponding font type and size the text is easily readable. The right number of meaningful graphics and high quality product images on the website lend visual variety, increase visual appeal and make the site more attractive. The website includes the company introduction, team introduction, shows the qualifications, give a detailed description about the main agricultural products, and shows the most important projects of the company. The website also gives information about the readily accessible products.

The website of Hetech Trend Ltd. is available in four languages; Hungarian, English, Romanian and Russian. Having a multilingual website of an international company is indispensable. „A high quality translation service does not come free of charge.” (Onehourtranslation, 2015) Multilingual website helps boost the product and services of the company, expand the business and the company’s credibility on the internet area. Having a website on more language generate respect from the users, making an impressive return on investment. They will have confidence in the company knowing that the company are willing to invest into a fairly good amount for their comfort and convenience. This kind of confidence, trust, and respect are translated into increased sales and bigger revenues in the long run. Spending on professional translation and maintenance of the website is equivalent to cost-effective marketing. All in all, the results that the company get from its multilingual website are worth the effort and make it easier for the company to gain bigger revenue from bigger markets.

On the website, the visitors can easily get information about the slogan of the company: High standard storage – drying with unique features – quality, reliability, expertise. „A successful slogan provides a positive emotional value.” (Competitive Advantage Marketing Inc, 2013) The slogan leaves an impression of the value. It covers the company’s key value proposition, expresses why the marketplace should buy from them. The slogan defines the motivation of the company, plays a vital role in promoting the business, and reveals the purpose of the company, since there is always a purpose behind the companies other than generating profit. Of course, it is really very helpful in generating sales.

5.5.3. Marketing Communication

„Marketing communications are messages and related media used to communicate with the market. Marketing communications is the ”promotion” part of the ”marketing mix” or the ”four Ps”: price, place, promotion, and product.” (Wikipedia, 2015c) It is a fundamental and very complex part of a company’s marketing effort. It consists of product advertising, branding, personal selling, online presence, printed materials, sponsorship activities and trade show appearances. „Marketing communication has two objectives. One is to create sustain demand and preference for the product. The other is to shorten the sales cycle.” (MaRs, 2013) Creating preference aims at using communication tools to help position your product and company in the minds of the target customers. Positioning and building the brand take a lot of time and require a certain consistency and therefore represents a significant commitment for the company. Preference by building the brand impact market share, profitability and provide long-term value for the company.

There are three fundamental objectives of promotion. One of them is to present the product information to the target consumers and business customers. The others are to increase the demand level among the target market and to differentiate the product and services and to create a brand identity. Promotional mix covers the advertising, public relations and sponsorship activities, personal selling, direct marketing and last but not least sales promotions. Hetech Trend Ltd. has chosen to use more of the five promotional mix methods in harmony to ensure a clear, effective and direct message reaches the customer.

Hetech Trend Ltd. used to advertise in journals, and magazines. They appeared in several Hungarian agricultural ones, like the *Mezőhír*, *Agro Napló*, *Magyar Mezőgazdaság*, *Agrárágazat*, *Haszon Agrár* magazine, and *AgrárUnió*, also. The above mentioned journals and magazines are all much respected papers in their field, so the advertisement in them could increase the prestige of the products and services of the company by association. Print advertising was a strong force in the marketing activity. It helped to reach consumers, offering a variety of choices to get a marketing message across. Advertising through the print media was much targeted, as specific magazines appealed to specific target groups. Advertising in agricultural papers allowed high level of target marketing, how the company could reach its specific readership. The other advantage of this marketing strategy was that papers had lifelong

durability. For today Hetech Trend Ltd. had not continued to advertise through journals and magazines because of the high expenses of it. Positioning advertisements on locations that offers the highest visibility; the front cover and the back cover costed approximately 800 thousands forint. Besides this a full page advertisement in the papers costed 250 thousands forint. In addition, this costs were monthly costs.

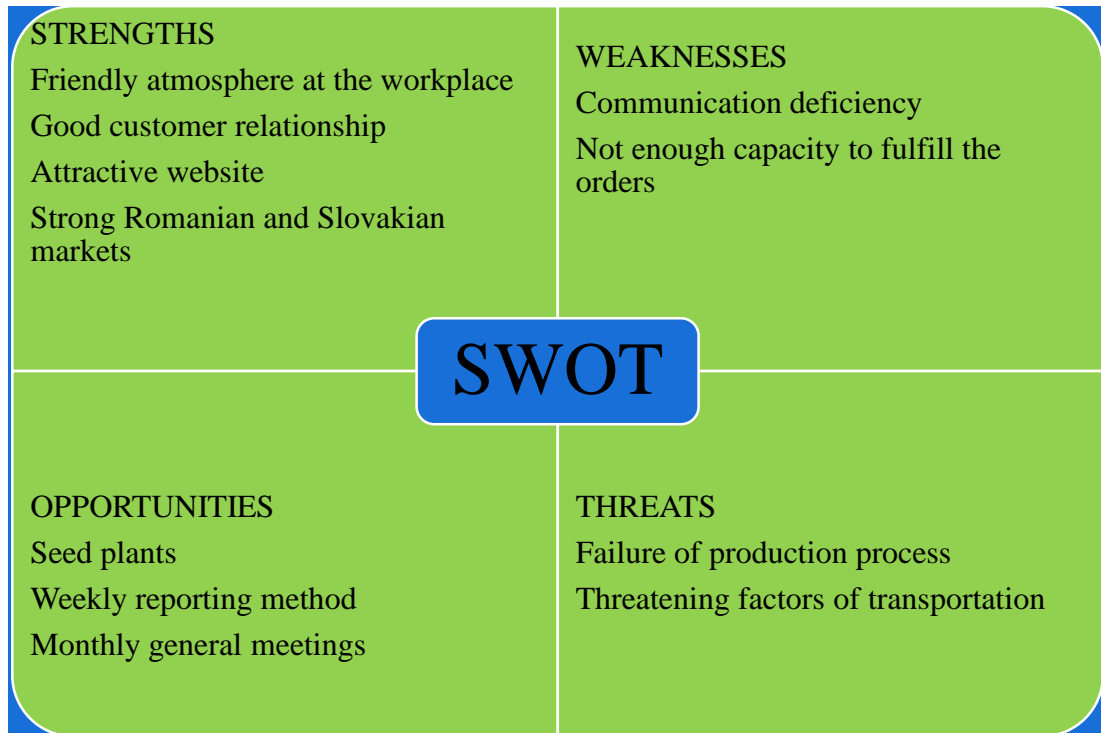
Hetech Trend Ltd. has found a much more cost effective and measurable advertising method; the Google AdWords. „Google AdWords is an online advertising service that enables advertisers to display brief advertising copy to web users, based in part on keywords, predefined by the advertisers, that might link the copy to the content of web pages shown to users.” (Wikipedia, 2015a) Due to this advertising method if someone types the 'Hetech' word to Google searching platform the webpage of Hetech Trend Ltd. will be on the best position (first place) on the search page. Opposite with high expenses of the print media, Google AdWords is a pay per click (PPC) advertising, which costs approximately 40 thousands forint per month in case of Hetech Trend Ltd. The essence of Google AdWords is that the company only pays when someone clicks on the advertisement and furthermore the company also can determine how much money they would like to spend. Besides the low expenses, it has another very significant advantage, too. It is measurable. By this service the company gets information for example about the number of clicks, number of searches and the number of impressions. Through Google AdWords the company can measure and know how and when exactly they generate the return on investment (ROI).

In order to boost the business, the company has other significant marketing activities besides the Internet advertising, such as trade show appearance and sponsorship activity. Hetech Trend Ltd. appears on agricultural exhibitions regularly, like the AGROMashEXPO and the Agrárgép Show. Sponsorship activity offer unlimited opportunities to broaden the competitive advantage by increasing the credibility, image and prestige. Sponsorship is a good way to increase brand awareness, which help to raise up consumer preference and strengthen brand loyalty. To reach business goals Hetech Trend Ltd. support financially RITMUS Autósport Egyesület by 2 million forint monthly. Due to the support the company logo appears on rally race cars, magazines, like the MotorSport or Rally Café magazines.

6. Conclusions and Proposals

Finally, I would like to summarize my researches in a SWOT table.

Figure 2: SWOT Analysis



(Source: own compilation)

Strengths

Friendly atmosphere at the workplace

The well-chosen leadership is one of the reason of the friendly environment in the company, which result higher job satisfaction among employees, increased productivity and higher rate of engagement. The friendly environment encourage people to openly discuss the problems and issues, to share knowledge and experience. It makes feel people to perform for the objective of the company not only for their personal goals, creating innovation, creativity and continual improvement.

Good Customer Relationship

Great customer relations may mean more business. Building up of silo plants are multi-million businesses. No one will invest into a multi-million project only if they have a strong, persuasive argument to do that. The most convincing influencing

factors are other customers' experience. If the company provide good quality customers will tell other customers about. To say an example: some years before, the company got acquire a new market; Baranya County. Actually, it turned out, that an old customer of the company from Northeast Hungary recommended the Hetech Trend Ltd. to his friend in Baranya County.

Attractive website

Having a website creates potential to show the credibility of the company and help to give positive impression it. Hetech Trend Ltd. has a visually appealing, polished and professional website, which is available in four language. It reflects to the company, the products and services adequately, generating positive impression in the potential customers and keeps them on the site.

Strong Romanian and Slovakian market

The company become the suppliers of companies like S.C. Ardealul in 2012. From them, there are ongoing orders for plants with the value of 4.5-5 million euros. One of the foreign distributor of the company, the AGROKONS DOO generates 2-3 million euros annual turnover to the company. Fortunately, the company continuously acquire bigger and smaller projects. There plants, which value is accounted for 350,000 euros, but the value of the most enormous plant constructed by the company so far is 2.100.000 euros.

Weaknesses

Communication deficiency

Unfortunately, according to the employees there is a significant deficiency in the communication. Sometimes employees allow personal issues to influence their working ability. This leads to operational difficulties slowing the growth of the organization. As the company has a diverse workplace, language barriers can cause communication stoppage.

As communication problems in the workplace cost the productivity and money, I would like to grab the opportunity and make some suggestions for the improvement of the internal communication. It is very important to understand the reasons of communication problems. For better understanding employees, managerial

staff and directors should provide feedback regularly to improve the quality of the information. One simple and widely used method is the weekly reporting method. Every employee writes an e-mail report weekly, including information on their activity in the previous week and their plans for the following one. Reports are sent to managers, who summarize them and send further to the board of directors. Boards of directors can evaluate the summaries and make correction actions if needed. Eventually, each employee receive the above mentioned summaries from every level of management. However task centred employees will not, but ambitious ones will read them.

In a healthy organizational culture, employers have to maintain an open dialogue environment. This way employees can feel that they are a part of something, creating loyalty, high morale and strong, positive culture. To create open dialogue environment I do believe that besides annual general meeting, regularly organized – for example monthly – general meetings could be an effective way to consider and decide every issue affecting the company. During these meetings every issue, problem and question connected to employees and the company could be solved and answered face-to-face. The powerful and effective communication could motivate the employees to contribute to the improvement and growth of the company.

Not enough capacity to fulfil the orders

The company acquire so many order that sometimes it is not able to keep up with it. They miss deadlines, they cannot send the tenders in time, they miss the delivery performance, and they only perform over the due dates. Consequently, the employees and also the employers become overloaded and stressful, which lead to more mistakes, administration difficulties and finally customer loss. Despite of it the company cannot improve it capacity level, because the market is changing all the time. The company tries to adjust to the continuous demand fluctuation, but there are barriers. If the demand for silo plants is high the company need more labour, but in long term basis it is not worth to invest into labour increase, because of the periods of demand shrinking, which may occur any time. Obviously, it is useless if they dismiss employees in the period of market downturn. On the other side, they would like to increase the number of the staff, but they cannot. Hetech Trend Ltd. does not only pursue to work with the best quality machines and equipment, but also pursue to work with highly qualified professional people and technicians. At present, there is

significant shortage of professionals on the market, especially among designers, drawers, CNC machine operators and blue-collar workers.

Opportunities

Seed Plants

The company aimed to broaden the product range by the implementation and handing over of seed plants. Expanding the profile with seed plants has a great future. There are very few supply from it on the market. The primary objective of the company is to hand over at least one or two seed plants yearly in the future.

Threats

Failure of production process

The manufacturing process is similar to the assembly line methods. The interchangeable parts are added to the work in progress one in a sequential manner in different places of the production hall. The process is supported by semi-automated machines. This process needs developed communication systems, material flow plans and accurate production schedules. Any failure at one point in the line can cause slowdowns from that point forward. That is why this system needs sophisticated coordination for the smooth running.

Threatening factors of transportation

Traffic delays, breakdown or any damage of the products through careless driving, bad weather, and driving regulations are all risk factors of the transportation. This is why it is important to have a well-developed trucking logistics, which take into account all the influential factors of the transportation of goods with the goal of maximizing productivity and efficiency. It is important to plan the most efficient routes for truck drivers, select the optimal fuel types adjusted to the market trends, choose the best kind of trucks for the particular task, and choose qualified, careful truck drivers.

6.1. Conclusion and Hypothesis Acceptance

After the analysis of the company I do not reject none of the hypothesis. Hetech Trend Ltd. is one of the most profitable company in the field of grain storages,

as their net income in the last business year was the double of the second most profitable company's net income. Hetech Trend Ltd. has a well-organized logistics and production, business management and corporate communication system. However, the company used to advertise in journals, it was not cost effective so they had changed for Google AdWords and continued to appear in trade shows, and continued sponsorship activities. For today the company has found the adequate marketing tools, how the company can measure and know how and when they generate the ROI. By ISO 9001 Quality Management system the company can meet the company's objectives and fulfil the needs of the partners on high quality, on stable way and constantly. From the start of the machine manufacturing activity the company has improved a lot, increasing the levels of inventory. Due to the continuous expansion they has increased the logistical capacity and logistical quality and has made the service quicker to the customer. Due to the adequate logistics management they can meet the customers' requirements continuously. By their individual production process the company is able to increase factory productivity and efficiency. Through exact identification, assessment and prioritization of risks the risk management can minimize the probability and impact of unfortunate events and maximize the opportunities. In summary, due to the well-managed risk management, logistics management, SCM, inventory management, warehouse management and production process the logistics system of Hetech Trend Lt. is successful as it increases the revenue, improve operating cost structure, reduce overall transportation costs and improve customer service.

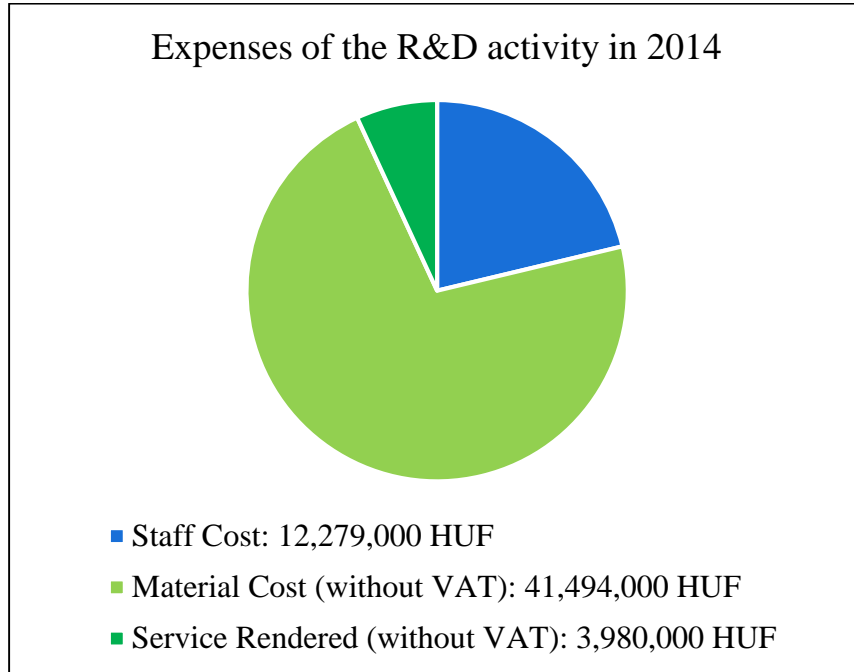
According to my opinion the company stills has unsolved problems, like the capacity shortage to fulfil the customer orders and the communication deficiencies, but despite of it, Hetech Trend Ltd. is a well-organized, well-functioning, profitable, bright future company, which is able to give real value to people.

The goal of the performed research related to my dissertation was to provide deeper insight into the company operation system. To achieve this goal I made quantitative and qualitative researches. During my dissertation writing I have reached high personal development, broadening my vision and knowledge. I hope my work can help other people. However this dissertation topic cannot be considered totally processed. This topic still promises possible exciting discoveries. By future quantitative and qualitative researches could be acquired more detailed information

providing database, which would be a real treasure for those who are interested in the subject. A possible future research could be to highlight one department of the company and analyse it.

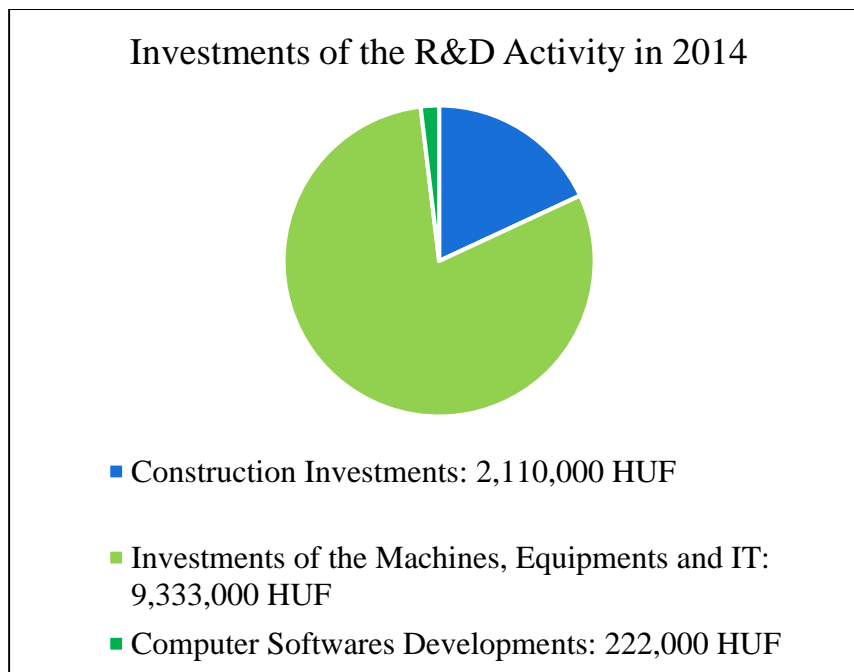
7. Appendix

Appendix I: Pie chart 1: Expenses of the R&D activity in 2014 of Hetech Trend Ltd.



(Source: own compilation)

Appendix II: Pie chart 2: Investments of the R&D activity in 2014 of Hetech Trend Ltd.



(Source: own compilation)

Appendix III: Table 4: Revenues in 2014

Megnevezés	Sorazo- nosító	1 000 Ft
		a
Értékesítés árbevétele számviteli törvény szerint (72.§.)	01	3 101 292
Ebből (01-ből): a termelő, importőr árbevételében realizált regisztrációs, jövedéki és energiaadó (ELABÉ miatt lásd útmutató)	02	
Ebből (01-ből): exportárbevétel	03	1 864 568
Egyéb bevételek (Lásd útmutató)	06	16 576
Ebből (06-ból): Biztosítóiintézetektől kapott kártérítések (Lásd útmutató)	07	
Saját előállítású eszközök aktivált értéke	08	
Technikai összesen (01+...+08)	99	4 982 436

(Source: KSH data)

Appendix IV: Table 5: Total revenue in 2014

Megnevezés		Sor- azo- nosító	A tevékenység TEÁOR'08 szerinti 4 számjegyű kódja	Az értékesítés nettó árbevétele (AFA nélkül) 1000 Ft	Értékesítés Árbevétele (T1./1.sor):
			a	b	
1. legnagyobb arányú tevékenység	Mezőgazdasági gép, berendezés nagykeres...	01	4661	3 096 542	
2. legnagyobb arányú tevékenység	Mérnöki tevékenység, műszaki tanácsadás	02	7112	4 750	
3. legnagyobb arányú tevékenység					
4. legnagyobb arányú tevékenység					
Fel nem sorolt árbevétel (max. 100 e Ft értékben):		98	9898		
Árbevétel összesen		99	9999	3 101 292	3 101 292
Eltérés a T1./01.sorban jelentett Értékesítés árbevétele és az T2. Árbevétel összesen között:					

(Source: KSH data)

Appendix V: Table 6: Costs and expenses in 2014

T/3. KÖLTSÉGEK ÉS RÁFORDÍTÁSOK

Megnevezés		Sorazo- nosító	1 000 Ft
			a
Anyag- és energiaköltség (Lásd útmutató)		01	1 133 313
Igénybe vett szolgáltatások értéke (Lásd útmutató)		03	334 076
Ebből (03-ból): Munkaerő-ügynökségeknek történő kifizetések (lásd útmutató)		04	
Közvetített (eladott) szolgáltatások értéke		05	
Eladott áruk beszerzési értéke		06	1 206 519
Ebből (06-ból): termékértékesítéshez kapcsolódó regisztrációs, jövedéki adó		07	
Egyéb szolgáltatások értéke (Lásd útmutató)		08	18 581
Ebből (08-ból):	a saját előállítású termék saját kereskedelmi egységbe történő kiszállításakor, illetve saját üzemben történő felhasználásakor megfizetett jövedéki és energia adó	09	
	bankköltségek (a kamat kivételével)	10	14 886
	biztosítási díjak (kivéve: a tárgyi eszközök között elszámolt [aktivált], valamint a személyi jellegű kifizetések között elszámolt biztosítási díjakat)	11	3 417
Béreköltség (Lásd útmutató)		12	39 843
Személyi jellegű egyéb kifizetések A „személyi jellegű egyéb kifizetés” tartalmazza az „Egyéb bruttó munkajövedelem” összegét is (Bővebben lásd útmutató).		13	1 705
Bérfelrakatok (Lásd útmutató)		14	11 596
Értékcsökkenési leírás (Lásd útmutató)		15	25 809
Egyéb ráfordítások (Lásd útmutató)		16	40 601
Ebből (16-ból): termékértékesítéshez kapcsolódó regisztrációs, jövedéki és energia adó		17	
Technikai összesen (01+...+17)		99	2 830 346

(Source: KSH data)

Appendix VI: Table 7: Stocks in 2014

T/5. Készletek állománya**1 000 Ft**

Megnevezés	Sorazo- nosító	Év elején	Év végén
		a	b
Saját termelésű készletek összesen (02+03)	01	107 919	23 585
01. sorból: Késztermékek	02	80 186	10 191
01. sorból: Félkész termékek és befejezetlen termelés	03	27 733	13 394
Anyagok Nem kell tartalmaznia a készletekre adott előleget.	04	93 582	66 389
Áruk és szolgáltatások Nem kell tartalmaznia a készletekre adott előleget.	05	29 234	40 525
Vásárolt készletek összesen (04+05)	06	122 816	106 914
Készletek összesen (01+06)	99	230 735	130 499

(Source: KSH data)

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