

## EXECUTIVE SUMMARY

The primary goal of any business venture is the achieving profitability with financial stability. It is very much essential for every export-oriented organization to achieve this goal to survive in the current volatile market conditions. Colombo Dockyard PLC (CDPLC) is one of the top-ranked companies that bring foreign exchange to the country. But due to various reasons, the company was recorded financial losses during the last five years which has shaken finance stability of the company. This project is mainly focused on finding reasons behind the financial losses of one of the key revenue generation jobs of CDPLC which is generator service and giving solutions to mitigate the current status and come back to profit generating track. This project is more significant for the company to find out solutions for problems like the author selected as the accumulation of such financial loss jobs guide away from the company's primary goal of earning profits. The project is carried out subjected to a few limitations but covers almost all aspects to reduce the existing financial loss of generator service jobs.

Colombo Dockyard PLC is the only shipbuilding and ship repair company in Sri Lanka, located in heart of the commercial capital of Sri Lanka, the port of Colombo. CDPLC is having the strength of being situated on a strategic location of the west to east sea routes and their skilful workforce added more value to the company. CDPLC is always capitalized on its strength to capture the opportunities available in the region while paying attention to its weaknesses to mitigate threats in front of them. One key weakness identified is recording financial losses in four years in the last half-decade. Further narrow down to individual jobs, it was found that key jobs related ship repair projects ended up with huge losses due to various reasons. In this project author picked a major job carried out in his division which is generator service and after analysing past records of the years 2018,2019 and 2020, it was noted that generator service jobs ended up recording 36% financial loss. As per root cause analysis for the subject matter, it was noted that high labour cost is one major factor for recording financial loss from generator service jobs mainly due to less productivity of employees during normal hours and high overtime cost involved in generator service jobs. Further material cost also added a significant portion for the increased total cost against the received revenue. Material cost is increased mainly due to the usage of expensive chemicals for generator service and the high wastage of the same material during consumption on the field. While increasing the cost of generator service due to high labour and material cost, revenue generation for the

particular job is not at a satisfactory level as generated revenue from generator service job were well behind the company targeted value, mainly due to inaccurate estimation.

The theoretical background of the recording financial loss of the various organization was thoroughly analysed. Research papers suggested that a few critical factors affected the profitability of any company and employee behaviour and key decision taken in a company affect towards gaining profitability. How productivity of employees can affect to increase labour cost of a job is well explained in selected literature and few research authors suggested few factors to look on to mitigate less productivity in the organization. Literature reveals how material costs play a major role in determining profit on a job and as per literature, cutting down of the small percentage of material cost is hugely impact on gaining profits from the given job. Research article clearly showed that inaccurate estimation directly affects the profitability of the company. Factors that need to be considered when preparing estimation is very well defined in the few articles and as per studies, availability of clear and correct data will always guide for accurate estimation hence earning more revenue to increase the gap of revenue and cost of the job. The study framework is derived as per literature review data gathered through research papers and the interviews carried out with relevant officials. Various management techniques which apply to this project are very well explained with the help of available research data.

This project's main objective is to mitigate the existing 36% financial loss of generator service jobs and achieve the company targeted 15% profit from servicing generators in ship repair projects. Sub-objective like minimizing material cost from existing 29% to 15%, reducing material waste from 27% to 10%, increasing the productivity level of employees to 75% from existing 50%, reducing overtime cost from 40% to 10%, and increasing accuracy of job estimation from 88% to 100% will help to achieve the well setup main objective. The current situation of the project components is very well explained, and solutions of each project component bring out to mitigate the existing issue. Reducing material cost is achieved by introducing dry ice blasting for generator cleaning and various monitoring steps to minimize the cleaning material wastage. Further correctly address the employee waste hours and narrow down the activities of generator service to monitor the entire process to mitigate any labour wastage. Man-hours wastage due to employees' unnecessary movements is clearly addressed in the solution section. The introduction of a new tariff plan with the contribution of all the divisions incorporated with generator service will increase the accuracy of the estimation and

having a lesson learned record will give additional support to submit accurate estimates to the customer.

Proper resource allocation to the project is presented on a table by identifying the task of each resource person. Cost estimates for the entire project were carried out and found that some solutions are having zero cost due to usage of internal resources while some solutions have considerable cost such as introducing dry ice blasting. But when calculating the benefits received from the project over the cost associated with the project, it is found that benefit to cost ratio is greater than the 7, which implicates that the project is having financial benefits to the company to mitigate the current circumstances.

Findings of each project component were linked with industry literature and how these can affect CDPLC's current context is very well explained. Recommendation to achieve the successful project is pointed out in detail and how CDPLC management should act to pluck the fruitful result from the solution given by this project by giving short term and long-term recommendation also very well described in detail.