



IIMC-CRC-2022-04

IIMC CASE RESEARCH CENTER (IIMCCRC)

MEGHA SHARMA

JUNE 2022

RMV's DILEMMA

The ringing of his phone made Prageet Rao, a recent hire in the Business Development department of RMV Manufacturing, realize that he had been engrossed in the defense service deal for more than two hours. Although he hadn't made much headway on his recommendation, he decided to call it a day and revisit the issue the next morning.

RMV was a family-owned, mid-sized manufacturing firm, located in central India. It specialized in the design, development, and manufacturing of niche mechanical equipment used in industries such as automotive and agriculture. For the past forty years, it was also a supplier for the defense industry, supplying niche equipment used in peacetime vigilance and support services.

Recently, in response to a request for proposal received from the Department of Defense (DoD), RMV's R&D department had developed a new product called P-349. The DoD used a three-phased procurement process. In the first phase, specifications of the products from interested suppliers were evaluated against the requirements, and DoD announced the price per unit that it would pay for the product. Products that met all the requirements were invited to submit their sealed bids in the second phase, specifying whether they wished to be empaneled as a primary or secondary supplier. Knowing the price per unit, a supplier may choose not to participate in the bidding process. In the third phase, DoD chose a primary and a secondary supplier for supplying the product. The supplier, once selected, was legally bound to start the supply within a month.

Prof. Megha Sharma of the Indian Institute of Management Calcutta developed this case study as the basis for class discussion rather than to illustrate the effective or ineffective running of an organization.

Copyright © 2022, Indian Institute of Management Calcutta.