

Assignment 3 Part 1: Operation, Technology and Management Plan

Name

Tutor's Name

Date

1. Operations plan

NAB Company will be a limited liability company in the business of manufacture, distribution and wholesale of health refreshments. The initial financing will be \$20,000 raised from the four directors of the company. Manufacture and bottling will initially be in a converted garage offered freely by one of the directors. It is expected \$ 2,000 will be used on garage conversion and buying initial supplies of consumables. Raw materials and packaging material will cost \$ 3,000, a mixing tank with automatic filling and sealing equipment will cost \$3,500. The expected capacity is 200 16-ounce bottles. A van leased from one of the directors will be used for delivery and logistics. The cost of delivery and logistics is expected to be \$1,000 monthly. At the second level when the product is accepted in the market, the company will outsource the entire manufacturing and packaging process to contract manufacturers. The main office will be in a space provided by one of the directors in his apartment free of cost. Office equipment and stationary are expected to cost \$1,000.

Cost and time efficiencies

The directors will manage the business, one director will act as CEO and the other directors will handle different managerial activities. The business will be organized into three functions; these are production and operations, marketing, planning and product development and finance and procurement. Production activities will outside office hours and on weekends to maximize on volunteer labor from our directors. Any extra labor required will be hired on need basis (Womack & Jones, 1994).

2. Management plan

The company will adopt a flat management structure organized by function and with the CEO as the final decision maker. Peter King will be the CEO deputized by Charity Stevenson,

Simon George and Patrick Johannes. Each deputy will be responsible for their function and will make progress reports twice a week at board meetings.

Problems addressed and overcome

The key problem is gaining a foothold in an already dominated market. Brand recognition and price comparison are going to be the immediate problem. This problem will be addressed using unique advertising messages targeted to the cycling fraternity. At the core of the advertising communications will be a sense of partnership and mutual support.

3. Competitive advantages

Functional level competitive strategies

Initially the company will start with three variants of Fruit-O-Fusion; the production will be on alternate days in order to make maximum use of the equipment. Small production batches will allow the company to test the variants in the market. Further production will be scheduled according to market demand. The main competitive strategy is to maintain minimum inventory levels. Besides the initial opening production inventory the company will order inputs according to batch sizes demanded by the market. No finished product inventories will be maintained in the business. As a result the business will save on storage space which can be used for production (Amstrong & Kotler, 2005).

Business level strategies

NAB Company will ensure that the production process is fast, efficient and committed to producing the highest quality products for sports active people. The product will be differentiated by creating an upscale atmosphere about it using innovative advertising techniques. Advertising communication will entice customers to try the unique experience of a new product with

outstanding quality. Delivery will be quick and each customer will be treated as an honored guest.

Competitive advantage

NAB Company's competitive advantage will be built on low cost of production by eliminating waste, using less labor, material space and time. This will allow the company to run operations without employees except the directors. Materials will be received when they are needed for production. All the material will be sourced locally. NAB will sell few variants of single size package, this means the products will need less shelf display space and a fewer variations in inputs. As a result NAB Company will be efficient and cost effective in all its operations (Marshall & Johnson, 2015).

The rationale for this competitive posture is to ensure maximum utilization of limited resources and to create a niche market in a very competitive industry.

4. Organizational structure and style

The flat organizational structure will reduce will maximize on agility of the organization as every manager will be free to make quick decisions within their area of expertise.

Management style will be democratic and every member will be treated equally. The CEO will listen to the views and opinions of members but will retain the right to make the final decision.

Critical decisions at the board level will be decided by a vote in which simple majority carry the day. The rationale for flat management structure is to facilitate quick decisions and utilize individual expertise.

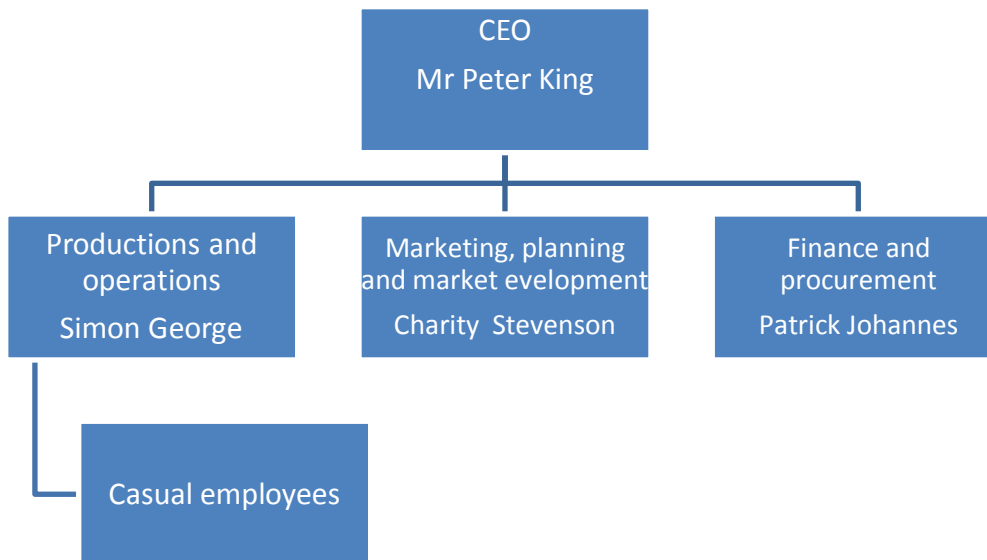
The board of NAB Company will be made of four Directors

1. Peter King (board chairman and CEO)
2. Simon George

3. Charity Stevenson
4. Patrick Johannes

In addition to the board the company can access the services of Mr. Adrian Stevenson a spouse of one of the directors and a successful entrepreneur in the beverage industry. Mr. Stevenson has kindly offered free consultancy for two years.

Management structure



5. Research and development activities

Research and development will focus on body hydration and nutrition including the mental and energy boost that is likely to accompany refreshment during exercise. In particular NAB Company will research on natural herbs that have stimulating effect on the body. The research and development activities will seek to uncover additional benefits on mood and well-being over and above health benefits of Fruit-O-Fusion. Research and development activities will contribute to a better understanding of the market and what sports active people look for in refreshment. Successful research and development will result in

tailoring our product to the specific needs of our customers to maintain a long-term relationship.

6. Technology plan

The process starts with fresh stabilized water and required quantity of reconstituted concentrate added to the water in a vessel where agitation and thermal treatment is done. Agitation is done using a food grade centrifugal pump and thermal treatment is through a triple tube heat exchanger. The resulting drink is packed into 16-ounce aseptic containers before labelling. Special attention will be paid to concentration and consistency of drink. A random sample of 0.5% of each batch will be taken for quality control testing. After every batch the equipment will be cleaned using clean in place (CIP) technology. In Future NAB Company will invest in automatic systems for mixing and decanting of products. Labeling of finished product is done immediately before loading into chillers ready for shipping.

Equipment (hardware) requirements are as follows

1. Automatic mixing, filling and sealing vessel \$3,500
2. Labelling, printing and packing machine \$ 1,500
3. Pre-dispatch Chiller \$ 1,000
4. HP laptop and printer for book keeping and electronic communication

Software

1. Whiteboy custom graphic design software \$ 500
2. Collbooks Accounting software \$1,500
3. Social media platform \$200

7. Personnel needs

Three directors of NB Company have agreed to devote 25 hours a week for the company. The CEO will work fulltime devoting a minimum of 40 hours a week to the company. The nature and organization of operations has minimum labour requirement. Any personnel needs not met by the directors will be filled on casual basis.

References

Amstrong, G. & Kotler, P., 2005. *Marketing an introduction*. Englewoods Cliffs, NJ: Prentice Hall.

Marshall, G. W. & Johnson, M. W., 2015. *Marketing Management, 2nd Ed.*. s.l.:MacGraw-Hill Education..

Womack, J. P. & Jones, D. T., 1994. From lean production to the lean enterprise. *Harvard business review*, 72(2), pp. 93-103.