

Analysing operations management problems in pepsi



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- 8. Decision

Operations direction is considered as an of import division of survey every bit in the corporate universe in add-on to in faculty members. Mention to faculty members, operations direction, is a cardinal portion of in the course of study of direction surveies. In the other words, it could be seen as the theoretical base that a peculiar director or else an executive desires to cover with the issues of the company are taught in the course of study. The topic ; Operations direction is once more a cardinal portion in an organisation or concern (Sweet, Franklyn H. 1964, pp 89-90) . A matured section or subdivision of the organisation is allocated to take attention of this demand of the organisation or concern. Additionally to this, concern is kept that the issues that the organisations face in the topic of operations section or subdivision is resolved at the earliest, as a consequence that the production and every bit good as quality of the merchandises that go out of the company does non blockade the development and image of the organisation or concern. Operations direction surveies the internal working and work procedure of a company. Indeed it could be said that the planning, bring forthing and doing of the merchandises of the organisation or concern is smoothen by a scope of procedures of the operations section or subdivision of any organisation or concern (Sweet, Franklyn H. 1964, pp 89-90) . The proficient facets of an organisation or concern are looked after of by the operations direction of that organisation. Indeed every individual one of organisations and houses has operations direction officers and matured sections to take attention of this facet of the company. Therefore, an

organisation or concern tends to take up the selling schemes that make an of import portion of the operations direction. Scholars and market analysts are already holding conducted package of surveies and researches in operations direction field and have established that the rules and theories of operations direction and schemes are well-matched in any organisation or concern and in any sector (Ackoff, R. , Rivett, P. (1963) , pp. 45-77) .

In the eighteenth century, it could be seen the debut of the operations direction theory. Subsequently on besides in the full of Industrial Revolution, a assortment of new theories of operations direction and other ideals were used. These thoughts allow to a immense addition in the concern of organisations or concerns and all at one time guarantee that the a assortment of attacks developed as a portion of the operations direction theories were utilized by the organisation. Out of a batch of sub theories and attacks that were made as portion of operations direction are ; “ Waltham-Lowell system ” , “ Assembly line pattern ” , etc. Equally good as this, the scientific direction and the development of the theories and rules of the operations direction systems make certain that these assist the organisation leads success and flourish (Ackoff and Rivett, 1963) .

One of such organisation found in the United Kingdom that is one of the well known trade names in footings of gustatory sensation and quality and many morea^;This organisation was suffered immense losings due to miss-management and issues in the “ operations direction subdivision ” . The company is the celebrated drink shaper “ Pepsi Company ” . This is a universe renowned name in the field of carbonated drink industries. Pepsi advanced to be one of the most recent sorts of confectioneries (O ‘ Sullivan, <https://assignbuster.com/analysing-operations-management-problems-in-pepsi/>

N. , Wong, P. (1991) , pp. 139-55) . Pepsi Company is today identified as one of the most sure trade names, due to the strategic planning and direction and selling schemes that it has been using since long ago. As a consequence, it could be said that the operations section of Pepsi Company has to play a cardinal function in the constitution of the Pepsi trade name as one of the most adamant names in this sector. On the other hand, even such a chiseled operations section of Pepsi Company was unable to manage the quality of the Cadbury merchandises (Sweet, Franklyn H. 1964, pp 89-90) . There was intelligence in the many of Medias that the Pepsi Cola was contaminated with pesticides. This rumour spread out everywhere in the universe like a wildfire. This sloppiness by the operations section of Pepsi Company exaggerated the organisation in footings of money value and every bit good as in footings of loss of trade name trust and trade name name (Peters, T. and Waterman, R. 1982, pp. 12-23) . This to be certain came as a hurt to the whole state as cipher has expected that yet the extremely sure trade names like Pepsi can hold ne'er faced such as issue. All the universe was sensitized at this, as this played as a opportunity for other competitory trade names to construct solid topographic point in the market and every bit good as for new trade names to panic. Therefore this quandary of the Pepsi Company and it become more cognizant of the important of quality and a better operations direction section or subdivision (Sweet, Franklyn H. 1964, pp 89-90) .

An brief account of the procedure at issue in the Pepsi group and the procedure map

Even though the determination of pesticide remainders in the Pepsi Cola was universe intelligence and it was in advancement being forbidden in most of the topographic points. All stock of Pepsi Cola was in detention. Those in the mills were stopped from coming out of the company (Sweet, Franklyn H. 1964, pp 89-90) . This made inquiry for the already on manus operations direction processs that would be utilised and outstanding in the Cola industry. This besides insisted on the direction of Pepsi Cola to see of the procedures which already existed in the company. As good the quality confidences of the procedures in add-on to the legitimacy of these procedures were under issue and evaluated. Pepsi Cola has at all clip ' s levied importance in the care and updating of the quality processes that were already bing in the organisation. The quality processes that were being utilized were under rigorous monitoring and trial out. While this job associating to the quality of Pepsi Cola came up, after that an indicant of the procedure map started taking form (Chaffee, 1985) . The scope of procedures that already existed in the organisation is given below:

Fabrication of soft drink: In the get downing the ingredients necessary for doing the soft drink are prepared to be available. These ingredients are consisted with vanilla beans, spirit oils, goora nut nuts and sweetenings. Strict attention was paid that these points are best in the quality and that the H₂O utilized in it are distilled and free of all drosss (Chaffee, 1985) .

Transferring to the packaging house: subsequent to the soft drink is all set ; there are taken to the packaging topographic points in tins (Chaffee, 1985) . Particular attending is besides taken in transporting on these stairss, as non any chemicals are assorted with the soft drink. So that the sum of <https://assignbuster.com/analysing-operations-management-problems-in-pepsi/>

sodium carbonate in soft drink is non changed. Equally good as this, the greatest engineering is utilized at this phase to do certain that the quality remains unchanged as that are while in fabrication (Chaffee, 1985) .

Packaging: This is the 3rd measure that besides requires best attention of keeping the quality of the soft drink. It is made certain that the waterproofing of the Pepsi Cola tins are such that they are air tight and there is non any opportunity of escape. Equally good as this, the cartons, caps and the CO₂ used to carbonate soft drinks are in the optimal measure. Particular attention is put in carbonating the drink as the existent quality if the soft drink depends on the carbonating. Particular equipment and tools are brought in usage to take out the tins.

Pepsi Storage: highest attention is besides put in the storage of the tins. As it was believed that while under the shop, the tins were run over by rats and other little insects. This might be caused a assortment of diseases to the people. It is guarantee that the tins are packaged decently and machines do the shifting and storing of the tins before they are sent to the retail merchants and shops (Peters and Waterman, 1982)

2. Analysis of the Problem

It is easy to analysis of the jobs, if the jobs are listed or displayed in such a mode that they can be easy read, so the can be easy studied (Peters and Waterman, 1982) . Therefore, high attention would be taken that the analysis of the jobs is easy. The assorted steps that require to be taken to work out the job. This systematic resolution of jobs is really of import so that

the jobs are foremost broken down in to smaller subdivisions so that their root causes can be traced (Hamel and Prahalad, 1994) .

3. Ideas Coevals

Ideas coevals is really of import to decide the job. As an illustration, the procedures that are to be taken for the alteration of the jobs are first interrupt down and so the thoughts are generated as portion of the tea or at personal degrees that would assist in the resolution of the issues. Such thought is consequences in cropping up of excellent and effectual thoughts so that the jobs are addressed in a improved manner and the root causes of the jobs are identified.

4. Ideas proving

Coevals of thoughts in of import but the procedure does non stop at that place. After the listing and jotting down of the thoughts, they are tested whether the thoughts can turn out helpful in work outing the jobs. In add-on to that, the phases in which the thoughts are to be used besides differed and so they should non be implemented without proving the (Peters and Waterman, 1982) . Therefore, the effectivity of these thoughts is foremost tested and so depending on the consequences, they are eventually implemented. The testing of thoughts is more like a pilot study that is made because the existent execution of the thoughts. This helps in estimating the effects of the execution of the thoughts in work outing the jobs beforehand (Hamel and Prahalad, 1994) . Without proving of thoughts, it is non by and large used straight in any organisation.

5. Implementing Ideas

Testing the thoughts give an thought of the sort of feedback that will be generated after the thoughts are really implemented. Therefore after this pilot study the consequences is first analyzed and if the consequences are as desired, the thoughts are implemented (Peters, T. and Waterman, R. 1982, pp. 12-23) . After the execution of the thoughts, it is clear that the operations plan can now be tacked such that the organisation does non confront similar jobs once more in future.

6. Checking the Consequences

This is the last and the finals phase of the execution of the TQM techniques. Although the thoughts were foremost tested for their possible consequences and the implemented, a cheque is ever required at the concluding phase. Thus, even after the execution of the thoughts to work out the operational jobs, a cheque is required to estimate the consequences of the execution of the thoughts. After acquiring the consequences after implementing the thoughts, an appraisal or rating of the consequences is done. This gives a feedback of the effectivity of the thoughts and helps make up one's mind whether the thoughts are needed for the hereafter processes or non.

Fish bone theory

Developing the fish bone theory and the fish bone diagram was done by Kaoru Ishikawa. It is seen that because this theory was developed by her, the theory was besides known as Ishikawa diagram. The root of this theory is that jobs need to analyse by jotting down the jobs on a sheet of paper and so associating it to the cause and the consequence (Heskett, 1989) . This

theory was subsequently in used by assorted disciplined and subdivisions of academic studied.

The fish bone diagram now forms an of import portion of direction surveies and ensures that the jobs that an organisation faces is foremost jotted down and so analyzed. This gives the jobs a pictural expressions and therefore ensures an easy and clear apprehension of the jobs.

Fish bone diagram

This diagram when seen after the completion gives an feeling of being drawn on the theoretical account of a fish. In fact the diagram is of the form of a fish. A spinal column of the fish is drawn and this the plane in which the jobs are written extending towards the outer sides. The jobs are jotted along the sides giving an feeling that these are the castanetss of the fish (Peters, and Waterman, 1982) . This pictural representation makes the apprehension of the jobs easy. In add-on, while naming the jobs they are started form the grassroots degree and decided into assorted classs. For illustration, the assorted class of the organisation that might be responsible for the operation jobs cropping up in the organisation are decided and so the jobs that can be placed in these countries are listed. This gives a clear feeling of the jobs and when this is presented before the higher direction, it become easy for them to associate the cause and consequence and so work towards work outing the job. In add-on to this another of import ground because of which the fish bone theory acts as an of import tool in the analysis of the operations jobs is that it divided the jobs into smaller bomber subdivisions. This makes the job seem easily as when a job is bigger no manner to

interrupt that down is found. However, when the jobs got broken into smaller parts they seem easy. In add-on to this, the linking of the job to the cause and consequence besides makes the jobs easy to place. Another pertinent ground that recommends the usage of the fish bone theory is that it is by and large made in a group. Thus it acts as a medium through which assorted thoughts and cognition of different people are channelized into one individual chart (Peters and Waterman, 1982) . Thus the chart itself is really enlightening as the sentiment of people from different experiences and history

A comparing of the theory with the existent pattern in the Pepsi Company

It was seen that the fish bone diagram and the TQM techniques gave an insight of the assorted jobs that Pepsi faced. In add-on to this, the Fish bone diagram besides listed the assorted schemes that are already portion of the Pepsi group. These theories hint that the operational section of Pepsi had taken up rigorous steps for keeping the quality of the merchandises of Pepsi. However, it is seen that there still were loop hole in these procedures because of which there were issues in the quality of the Pepsi Company. The assorted loopholes in the procedures that were although defined in the guideline and quality confidence of the Pepsi Company but were non followed in pattern are given below:

1. Although assorted hi tech machines were used for the purification of the H₂O that is being used in the production of Pepsi, there was issues in the quality of the H₂O. When an probe commission was set up to discourse the ground that led to the determination of pesticides in the packaged tins of

Pepsi, it was found out that the land H₂O was found to be contaminated (Kearney, 1992). Assorted H₂O purifiers are available in the Pepsi Company and they boast of usage of high boiling case shots that free the H₂O. In fact the quality procedure of Pepsi says that non filtered but distilled H₂O is used for fixing the soft drink. Had this procedure be truly followed in world Pepsi would not have suffered immense losses and spoiled the name and reputation of the organisation. Thus it was seen that purification of H₂O was one of the phases that was streamlined in its work program (Kearney, 1992).

2. It has been defined in the work program of the organisation that the shop and the mill where the soft drink has to be manufactured are free from all types of temperature and humidity issues. In fact, the organisation showed that assorted new and improved storage case shots and suites have been specifically designed so that the soft drink after fabrication is placed in better shops before they are packaged. However, this procedure was not maintained decently and it was subsequently inferred that the machines and storage room that were made were not of the needed quality. This made the soft drink being altered in their chemical composition in the high temperature differences in assorted states. Therefore, owing to this there were chemical reactions and bugs were able to engender in them and therefore pollute this (Kearney, 1992).

3. Although the Pepsi Company says that they have hygienic and particular ceilings to hold away the soft drink for long time till they are eventually packaged and delivered, they did not take proper steps to do this practically. It was seen that after the Pepsi was manufactured they did not store
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in hygienic and cold storages. This alteration in temperature and the unhygienic conditions of the theories led to the taint of Pepsi.

4. Although Pepsi encouragement of holding a really good trained staff, they failed to supply proper quality direction preparation to their staff and employees. Owing to this they were incognizant of guaranting that none of the fluctuation in temperature degree, etc should be done as it drastically affects the quality of the drinks (Kearney, 1992) . The employees and crew of the Pepsi Company being incognizant, nescient and negligent of these issues ended up in polluting the drink.

Consideration of its impact on quality and/or client focal point

These jobs decidedly had a greater impact on the organisation. Pepsi was a bigger name in the drink industry and none of the companies were every bit popular as it is and give it tough competition. However, with the spread of the new of the Pepsi drink incorporating pesticides, this acted as a major loss to the organisation. Pepsi was banned in all colleges and school on the United Kingdom. In add-on to this, assorted mills of Pepsi were seized and the drink that was already prepared was seized. This new besides spread in other parts of the universe. In fact all states stopped the merchandising of the Pepsi. In add-on this affect in the concern, the clients besides got sensitized by this new. They themselves became much aware of the taint and abstained from imbibing this drink (Kearney, 1992) . They besides barred their friends and kids from holding this drink. This so acted as a great set back to the Pepsi Company and destroyed its concern. In add-on to that the trust that it had managed to make among the people was lost. Even till

day of the month many people avoid imbibing the Pepsi merchandises as the daze that they got since its taint is not out of their heads still.

7. Recommendations

After analyzing and analysing the rules in the operational direction section of Pepsi carbon monoxide, one of the clear jobs that the organisation was confronting and the grounds that led to these jobs were identified. Therefore, the assorted recommendations that can be given to the Pepsi carbon monoxide group are as follows:

1. It can be inferred that most of the jobs that cropped up since the quality of the merchandises is due to the carelessness of the employees. It was seen that the staff and crew that were portion of the fabrication section were not good trained and good skilled. Owing to this they did not understand the importance of keeping accurate temperature and force per unit area. They did not understand that minor alterations in the degree of temperature and force per unit area while sublimating the H₂O etc can take to drastic catastrophes as it happen in the instance of Pepsi. Thus Pepsi must guarantee that all their staff is decently trained before they become portion of the fabrication and operational squad of the company (Kearney, 1992).

The company should besides understand that when the merchandise that they are bring forth are consumable points particular attention is taken that they are hygienic and do not do any wellness jeopardies. This is because a little carelessness on the portion of the company may take to terrible consequences on the wellness job and therefore in bend may be black to the life of the company and they may even stop up losing their

licence. Therefore, Pepsi should guarantee that the machines that they are utilizing in the production and purifying of H₂O should be the best of quality. More and more high quality machines need to be brought to prove the presence of bugs and other such organisation and at the lowest possible degree (Chaffee, 1985) .

3. Quality confidence is an of import portion of the operational direction section in Pepsi. This section has to take up the duty of guaranting that the merchandises of the organisation are best of the quality and that they are passed through assorted unit of ammunitions of quality cheques such that the merchandises that eventually pass out of the organisation are best of the quality (Chaffee, 1985) .

4. The direction besides has to be sensitized towards this cause. They have to guarantee that the work procedure of the organisation needs to be changed as there are loopholes in the procedure. And the cringle holes are such that they resulted in bloopers foe the organisation, Thus, the direction needs to integrate more degrees of quality cheques and guarantee that there is purely supervising at all degrees.

8. Decision

Therefore, it is seen that Pepsi faced several jobs due to the carelessness by the operational direction section. In add-on to this there were assorted other jobs that led to such immense loss of eh organisation (Chaffee, 1985) .

However with assorted theories and attacks of the direction of the organisation, the chief jobs that the organisation faced were identified. In add-on to the designation, the methods and theories that need to be used in

order to rectify these jobs are highlighted. It is through the usage of these theories that Pepsi was able to recover its lost trust and concern.