

An overview of the godiva chocolatier company



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Before heading towards the first question, it is essential to know about Operations Management. The simplest definition of Operations Management is 'the production of goods and service.' It is the focus and objective of the organizations. http://managementhelp.org/ops_mgnt/ops_mgnt.htm

<http://openlearn.open.ac.uk/mod/resource/view.php?id=161691&direct=1>

Operations strategy is one of the key elements of operations management because it focuses and encircles the objectives of an organization. Before analysing and illustrating the objectives gained by the operations strategy for an organization, comprehension of the operations strategy definition holds utmost importance. At first, the question arises: what is meant by strategy? And what are the operations?

Definition of strategy:

'A long-term approach to implementing a firm's business plans to achieve its business objectives.'

<http://dictionary.bnet.com/definition/Business+Strategy.html>

According to Hill in 'Operations Management', "it embodies the aspects of both direction (what to do) and implementation (how to do),(2nd edition)."

Definition of operations:

According to Slack and Lewis, "operations are concerned with the day-to-day creation and delivery of goods and services, be strategic (2002)."

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Definition of operations strategy:

In the book, Operations Management by Slack and Lewis, “ operations strategy is a total pattern of decisions which shape long term capabilities of an operation and their contribution to overall objectives (2nd edition, 2002).”

In the long run, all the above definitions focus the attention on getting the overall objectives of an organization or any kind of business. The goals of operations strategy are:

- Development of the organization
- Customers’ satisfaction
- Use of new technology
- Set use of resources into an organizational structure
- Expansion of business
- Good relationship with other organizations
- Development of new products and services
- Improvement and development or resources and processes over time
- Shape the guiding principles

These can be summarized into five performance objectives:

- Quality
- Speed
- Dependability
- Flexibility
- Cost

In the light of above definitions and dimensions, that Godiva Chocolatier has kept in mind the basic objectives gained by the operations strategy.

According to the case study, the organization has strategically decided to invest to achieve the improvement in productivity through automation, new technology e. g. use of robots, new machinery, single operator-assisted device and so on. To keep up with the importance of flexibility in every stage of production is also one of the important decisions of the operations strategy structure. As the flexibility can be defined into three major groups, according to Sethi and Sethi (1990); (cited in ' Design of Flexible Production System: Methodologies and Tools'):

‘ Component or basic flexibilities that included machine, material-handling and production flexibilities

System flexibilities in which Process, Routing, Product, Volume and Expansion flexibilities were considered

Aggregate flexibilities, e. g. Program, Product and Production, Market Flexibilities’

In term of flexibility, Godiva Chocolatier has ensured that in every stage of production. Godiva’s operations strategy is a set of above mentioned five performance objective which can be highlighted in both the methods adopted by the organization and these are: enrobing and moulding.

According to the case study, Godiva is a small producer which gives a variety of products with more than 100 types of chocolates. The machinery and the technology used in the organization indicate that there is not enough volume as compared with the range of variety. So, the organization decided to invest more on technology and new machinery to get high quality and high variety with its low volume. Such as, the enrobing department is operating the machine to get the individual product designs by linking together the various

pieces of equipments like extruders, guillotines, depositors, enrobers, decorators and so on in different sequences and combinations. However, moveable conveyors are used to link different machines to justify the volume. The staff and the machines are decoupled and worked at different speed and times. The speed is enhanced in short span of time by using small liquid chocolate tanks at the enrobing machines for different types of chocolates and for this purpose only 20 minutes changeover is taken to disconnect the tank, clean the machine and connecting to the other. Though it takes less time with good speed in production but planning is complex as well because Godiva surely wants to save its economic side as well, as it is considered to be uneconomic to produce less than 300 kg of a particular colour of chocolate. So, it is planned that the different types of chocolates with the same coating should go through the process. Likewise the strategy is adopted in the moulding department as well. Simple operator-assisted device, computer-controlled depositing machines (take less than one minute for the changeover), automatic individual wrapping machine and the packing robot are used for the best quality, speed and save the time. In short, its operations strategy is trying to achieve its objectives along with the five performance objectives as well.

For every kind of business or the organization, the importance of customers cannot be denied. For the expansion of the business, good customer service performs a key role. But first there is a need to understand what customer services is means for an organization.

Definition of customer service:

According to CSM:

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' an ability to provide product or service in the way it has been promised and according to customers' needs and demands

treat the customer the way you like to be treated

take care of customer as customer service is a link between customer and the company

it is the commitment to providing value added service to the internal and external customers, including attitude knowledge, technical support and quality of service in a timely manner'

<http://www.customerservicemanager.com/definition-of-customer-service.htm>

Definition of customer:

According to the ' BNET Business Dictionary':

“ A customer (purchaser) is a person or the organization that purchases or obtains products or services from other organizations such as manufacturers, retailers, wholesalers or service providers. A customer is not necessarily the same person as the consumer, as a product or service can be paid for by one party, the customer, and used by other, the consumer.”

[http://dictionary.bnet.com/definition/Customer.html?tag=col1;](http://dictionary.bnet.com/definition/Customer.html?tag=col1;rbDictionary)

rbDictionary

Godiva's customers are the manufacturers, retailers, wholesalers.

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Impact on operation's performance objectives:

The performance of the five operation objectives are aggregated by any organization only to satisfy the customers' needs, wants and demands. The customers' choice is always given first priority.

Quality:

It is impacted in the way that customers pay when they depend on the quality of the product. Quality means 'conformance'; provide the product as it is promised. High quality included with the cost and dependability as well. The more quality is high, the more cost organization will have to pay. The more customer is happy with the quality, the more dependability and the revenue of the organization will increase which is considered to be beneficial for the health of the company.

Speed:

Speed means 'speed of responses'; it means quick response to the customers' request. When they will order the products, they could get it on time if the delay happens, it cannot be as long as it make the customers annoyed. A good speed reduces cost, inventories and the risks and increases the dependability. For example, Godiva has used new technology and machinery to enhance the speed of production. This reduces the cost going on labour as the technology used is automatic and self assisted device. Speed is countable in services as well.

Dependability:

Dependability means 'being on time'; customers depend on the organization to get their orders on time. Delay in delivery causes stress and waste of time

which affected the speed in other sense. If the organization maintains its dependability, it's easy for the organization to get more customers. In the internal operations, organization should depend on its operations and the process along with the speed to accomplish them. If the customer is not given the promise of good dependability, the performance will be affected.

Flexibility:

Flexibility means ' being able to change the operation in some way'; though there is not a one particular definition of it but the mentioned one is agreeable. There are many types of the flexibility, for example: in product and services, operations, volume, delivery and mix flexibility. It makes the customers happy and satisfied by providing them a variety of products and services, by offering new ideas and attractive offers, allows the operation to adjust with its output levels, handling the delivery matters and coping the problems of if being delayed.

Cost:

The performance of the other operations objectives help in reducing the cost which vary in every organization's structure. High quality, high speed, high dependability, high flexibility give external rewards and reduce the cost as well which is good for the health of the business. http://wps.pearsoned.co.uk/ema_uk_he_slack_opsman_4/0,8757,1144836-,00.html

A ' supply network' is considered to be a collection of ' operations'. It involves the whole process from input to the output. According to Sunil Chopra, " a network design needs to product characteristics on the appropriate delivery network." Only niche companies will end up using a

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single distribution network. Most of the companies are best served by a combination of delivery network. The combination will depend on product characteristics as well as the strategic position that a company targeting.

Supply Network Design for Godiva Chochlatier:

Shown in the figure below;

Wholesaler

Supplier

1

Retailer

Operations

And

Processes

Supplier

2

Consumer

Retail

Store

Retailer

In the supply network design, inventory is stored locally at retail store. Such a design is appropriate for the organizations like Godiva according to its strategic plan which is to provide its customers quality and dependability and what they need, want and demand. In such supply network the products reach to the customer in short time satisfying the customer with the service which cuts the threat of delay and annoying the customer.

Process Design (volume-variety):

A process design can be used as a strategic tool in three ways:

To evaluate possible strategic moves along with the volume-variety diagonal.

To analyse a competitive area and evaluate a serving offering relative to the competition.

To analyse internal organizational processes with a view to identifying processes which have different volume-variety characteristics and which should therefore perhaps be managed separately.

<http://www.emeraldinsight.com/Insight/viewContentItem.do?contentType=Article&hdAction=Inkpdf&contentId=849181>

In the light of above discussion, Godiva's process design is implemented successfully in term of volume-variety. It helps in analysing the organization's product demand in the market due to the quality and the variety which enhancing its revenue and the dependability with reducing cost and internally analysing the handling of volume with high variety. The whole process of the organization is designed to control its volume such as, it is analysed if the productivity is less than 300 kg, and it will be

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uneconomic. So, the managers and the expertise present their service to control the issue and it is decided that the products with the same chocolate coating should pass through the process so that the colour change can be carried out at the end of the day's production to make it ready for the second process. On the other hand new machinery, technology and the robots are used to upgrade the quality, variety thereby increasing dependability in the market and among the customers as well as saving the cost on labour to much extent. It gives 50% reduction in cost and time and with much higher quality. The strategy and the process are based on the low volume, high variety. High volume means the high quantity of the products which will be stored in the shape of inventory which is considered to be an obstacle for the cash flow. An employee's importance cannot be ignored in the design process. Though the automation and technology is used to give a push to the quality and the variety, but where the trained and senior staffs is needed to handle any of the process, the services is taken to give more variety to the products. For example, Godiva is getting the service of its engineers' opinion and the employees' skills in packing the chocolates by hand saving the cost. This decision impacts on the variability as many of the staff are also very adept at adding value-added features to the packaging, such as ribbons, bows and labels.

The expansion of the business depends on the good relationship with the customers. ' Customer Relationship Management' (CRM) is not just the application of technology, but a strategy is to learn more about the customers' needs and behaviour in order to develop stronger relationship

with them. <http://www.businesslink.gov.uk/bdotg/action/layer?topicId=1075422922>

SWOT analysis is suitable before giving offering to the customers and before making any contract with them. The organization should know about its weaknesses whatsoever they are and try to handle them. It should analyse which department is in power in increasing the revenue and the profit whether in the shape of customer by giving them good customer service. What opportunities could avail and utilize for the best overall performance of the organization. It should trust on its dependability and then give offers to the customers. If the organization fails to give its customers actually what they expect and demand from it. Eventually, the organization will lose by and by its customer and place in the market and business community that is the main threat of the business. The loss of customers is the loss in revenue. Just suppose, if without the SWOT analysis offers are given to the customers and later on it is acknowledge that there is not enough to spend on the cost, the organization will be failed to keep up with its premises and offers to the customers. 'Quality and dependability' are two main factors in the way of progress. If the quality is given and the dependability not, even then this cause customers loss. Because they want the delivery on time and want to keep the business up-to-date.

In the manufacturing industry, manufacturing methodologies are depending on the industry, scale of operations and the practices are being improved. In a manufacturing organization, raw material transform into finished goods for the customers to the consumers. There are three types of methodologies:

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Job production:

It typically involves producing a one-off product for a specific customer. For example, construction contract for the building or the house. While on the service sector, it means to repair a computer or organizing a publicity campaign for a client to meet customers' need. It is slow but costlier.

Batch production:

It involves production runs and the manufacturing of components. A batch of components run in one production and then the equipment separated for the other types of the productions. In this method, versatile equipments are used to produce a variety of products. This method is applied for Godiva. Such as Godiva is using in enrobing and moulding processes. In enrobing, various pieces of equipment and the conveyors are used. The changeover for small liquid tanks takes 20 minutes in disconnecting, clean up and then connecting to the other colour of liquid tank. It is less expensive than job production. As it saves cost. Likewise in moulding such machinery is used which takes less than one minute changeover. Moreover two depositors can be used simultaneously. Such a method saves time and cost, increases speed and quality which integrate the dependability of the organization.

Continuous production:

It is mostly used in the steelmaking and the petroleum refining companies where the process is continuous and uninterrupted. Here the unit cost is lower with continuous production but investment cost is high. The risks involve as the equipment cannot typically be converted for producing other products.

http://businessmanagement.suite101.com/article.cfm/manufacturing_methodology_influencing_factors

Conclusion:

To sum up, Godiva is working according to its strategic objectives. It is going very well with its performance objectives, products and services. It is decided to invest on technology to save the time and cost and increase the quality and the variety of the products with low volume. The supply network designed for Godiva is not complicated because it is handled keeping in mind the strategic goal of the organization and that is to provide its customers the products with end consumers needs, wants and demands along with customers own as well. Godiva's consideration with its positioning in the market and relationship with the customer helps in developing further relations with its offers. The batch production is a best suit for the organizations like Godiva because it is giving a variety of products.