

Developing good business sense

[Technology](#), [Development](#)



There are three main stages to MOM, Input, operations and output. Input consists of having the products customers will want on hand. The operations stage is how employees work together and independently to better the company's input and output. Output is the product or service itself (Ones, 2007). Subway, Feeders Corporation, and Dripstone Pueblo are companies that have completely different products but must maintain an MOM that functions properly to offer the best product and service to their customers.

In order to function properly these companies must increase their productivity, quality of product, innovation of reduce, and their responsiveness to their customers, all while keeping costs low without allowing the product or service to suffer. If they are able to do this they will have a competitive advantage against their rival companies (Ones, 2007).

Three Companies & Their MOM All companies must maintain a functioning MOM to be profitable. They all should use the main building blocks to accomplish this but in their own unique ways.

Each company is different, however, and what works for one company may not work for another. By 1974 they had 16 stores. In 2009 they had 30,000 franchised stores in 90 different countries (Badger). Feeders Corporation was founded in 1896 by Theodore C. Feeders in Buffalo, New York. They began as a metal manufacturer of milk cans and bread pans. They quickly moved onto automotive and airplane radiators. In 1947 the family sold most of their shares to the Frank J. Quaking Inc. of New York City of Queens which was a major manufacturer of handbag frames.

With the changing of times they also bought and sold many other companies that manufactured kitchen appliances, and laundry appliances. They also began making room and central air conditioners. The company had many ups and downs through the years. Through integration and innovation have kept going by opening manufacturing facilities in China (Funding Universe). Dripstone Pueblo began in 1991 on an eight foot table Mike and Julie McCall would set up at Pop-Wows(Dripstone Pueblo Wholesale).

It has since grown into a 7, 000 square foot retail store and 34, 000 square foot wholesale warehouse. They send their employees to gift and gem and mineral shows all over the United States. Their goods are shipped all over the United States and even countries such as Canada, Mexico, I-J, Australia, and Germany. They are also bonded traders with The Native American Tribes and The Indian Arts and Crafts Association (Dripstone Pueblo/E-Canyons). These companies run themselves in a similar manner when it comes to input, operations and output.

Though the size of their businesses are different, they all have goods shipped in to create a product or service and they all depend on their employees to produce a quality product with excellent customer service. One big difference is how each company organizes their employees. Subway works their employees in shifts of two to three people. There is rarely a need for more employees than that to run the store. Customers are always taken care of first, prep work is done the night before or before a noon rush. A regular cleaning schedule is maintained by all shifts to keep things up to code and looking good for customer dining.

Feeders Corporation employees work in departments. Each department has its own particular work load. When their part is complete it moves down the line to the next department until a finished product is ready for sale. This is the case whether it is employees working on the actual product or an office employee working on the proper paperwork that goes along with each unit. Dripstone Pueblo is small wholesale company who just implemented a new operations manual and split their employees into teams. Teams report to a team leader who assigns the work load and breaks for the day.

Both teams work together, however, on the pulling and packing of orders to ship to customers. No matter the size or age of a company they all must maintain a functioning MOM to become profitable. MOM Costs There are five stages of MOM costs that companies have. These costs consist of raw materials and components, plant costs, labor costs, inventory costs, and distribution costs. Raw materials and components are a large percentage of a company's operational costs. Companies typically look for a high-quality product with a low cost.

Some companies choose to outsource their manufacturing to cut costs on raw materials. Plant costs consist of the amount of money it costs to run a manufacturing site, store, or hospital. Included in these costs would be the machinery, computers, tools, and buildings used during the manufacturing stage. To their product to sites that are located out of the country. Another choice to help keep costs down is franchising. When a franchise is purchased the franchisee must invest capital. The capital can be reinvested into the

company. Labor costs make up the largest part of a company's operational costs.

Labor is made up of the number employees needed to produce a product, their hourly wage or salary, and the benefits allowed per employee. Benefits such as health insurance make up 1/3 off company's labor costs. Inventory is quantity of raw materials, goods and supplies a company has in stock. It also is made up from the semi-finished and finished products. There can be no revenue made until the finished product is sold. Finally, there are the distribution costs, which consist of the transportation of raw materials o the facility and the shipping of finished products out of the facility.

Some companies have opted to own their own trucking companies to help absorb some of these costs Cones, 2007). It is important to understand the five main stages of operating costs affected by MOM activities. Competitive advantage. There are four important building blocks to gain a competitive advantage in business. These building blocks are superior productivity, quality, innovation, and responsiveness to customers. To increase productivity a company must use all of their resources better, lower their inventory costs, and reduce customer order processing times.

To increase quality a company must ensure a large number of correct customer orders, have consistent reliable products and ensure supply of high-quality inputs. To increase innovation a company must find ways to improve product quality, reduce production costs, and sell products at a low cost Cones, 2007). To increase the responsiveness to customers a company must offer high-quality customer service, an over-all satisfying shopping

experience, and a good after sales experience. In order to create a competitive advantage a company must control its operation and material management activities.

Conclusions on Developing Good Business Sense In business a satisfied customer equals increased revenue. In fact, " a good operations process ultimately creates products that satisfy customers" Cones, 2007, p. 374). In order to find and keep a satisfied customer a company must always keep their productivity, quality, innovation and responsiveness to customers in mind. Managers of operations and materials must also be aware of the costs of raw materials, plant, labor, inventory, and distribution Cones, 2007). The way a company controls its MOM activities can determine whether it will make a profit or suffer a loss.