Case study on improving profits at kitchen appliances r uscom

Business, Marketing

\n[toc title="Table of Contents"]\n

\n \t

\n[/toc]\n \n

Introduction

Improving the declining Profits at Kitchen Appliances US. com

The sales of kitchen appliances at Kitchen Appliances R US. com have been on the decrease in the recent past thus lowering levels of profits realised in the business. This has been attributed to the fact that most of the operations done at the shop are manual which leads to inaccuracy especially when performing calculations. Another cause of the decline in profits is the lack of coordination in the shop which results into untimely delivery of goods and receipts to the customers. This form of traditional way of operation has led to delay in offering the services which has made the customers worried about the kinds of services offered. The decline in profits in the firm prompted the business owner, George to commission a research on the remedies that can be taken in order to rectify the situation.

George wants the following areas to be covered during the research; discounts offered, the performance trend of the products he is selling, the profit margin he is getting and the nature of business operation and environment in the firm. Analysis of Home Appliances R US. com products stocks and profits from each product.

Per product

From the data in Home Appliances work book (per product worksheet), the amount of money obtained from the sales of ovens was the highest as the sale of bar fridges had the lowest profits. This one meant that the ovens were likely to generate more income than any other form of product. George therefore needs to device ways of increasing the sales of ovens as they have the highest potentiality of generating more profits to the business.

NB: The amounts calculated above are just the gross profits because the cost of expenditure has not yet been slotted in.

Per Manufacturer:

From the data in Home Appliances work book (per manufacturer worksheet), goods from Smeg manufacturers had the highest profit margin. Efforts should therefore be made to increase the sale of products from Smeg. Bosh however had the smallest profits and therefore stocking many items from this manufacturer may not have a lot of value to the business establishment and therefore should be discouraged.

Analysis of sales of Home Appliances R US. com products

Chef – sold 18 items with a profit of 2425

Fisher and Paykel - sold 12 items with a profit of 6487

Kelvinator - sold 4 items with a profit of 1284

Miele - sold 3 items with a profit of 976. 1

Smeg - sold 3 items with a profit of 1563

Westinghouse – sold 15 items with a profit of sold 2221

Whirlpool – sold 4 items with a profit of 908. 5

From the above data items from Chef were being sold very fast and their profit margins were average. Fisher and Paykel had the best performance as the number of products sold were relatively higher and the profit margin was also very high. Items from Whirlpool had the poorest performance as the profit margin was low and the number of sales also relatively low.

Fewer sales were also made on products from Miele and Smeg.

They are not worth stocking as their profit margins are also very low.

George should consider deleting items from as Blanco as products from the manufacturer are liabilities to the business. George does not make any profit from them and instead he is just making losses.

Conclusion

Proper keeping of records ensures that there is accountability at all times. It also helps one to obtain financial assistance from financial institutions. This is because loans can only be granted to business establishments with up to date financial statements. Automation of activities in the business will also ensure that accurate calculations are performed and proper records are kept to manage the activities in the business thus removing inconveniences caused by the manual systems of operations.

Recommendations

I would like to recommend the use of automated systems in the business and implementation of record management system. Products which have a low profit margin and record lower sales should also be done away with or stocked in a very small quantity. This will give room for the stocking of more items profitable items in the business. George should also consider reducing the amount of discount he is offering to items from different manufacturers. The discounts should range between 5% - 10 %. This will ensure the amount of profits is increased.

References

Michael C. T (2005). Options trading for the Conservative Investor: Increasing Profits Without Increasing your Risk. FT Press

Mark A. T (2000). Computerised Shipping Systems: Increasing profit & Productivity Through Technology. Taylor Systems EngineeringOptions Trading for the Conservative Investor: Increasing Profits Without Increasing Your Risk [Hardcover]

Michael C. Thomsett (Author)