

Nirala supply chain management

[Business](#), [Management](#)



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The great journey started when Taj Din migrated from Amritsar, India, to Lahore and started a small breakfast shop in the inner city of Lahore in 1948. Over the years, his family has embraced the timeless traditional values of good taste and unmatched quality, by bringing fresh mouth watering to the customers. Anmol Company holds the exclusive franchise rights in Pakistan for Nirala Sweets & food products. Anmol Company is responsible for manufacturing, distributing and selling Nirala Sweets, which is undoubtedly the leading brand in the Mithai market in Pakistan. On

January 1999, Nirala opened its 1st outlet outside Lahore making an instant success. Now Nirala is also makes dairy products in addition to sweets, namkeenz & running a restaurant. Nirala today has 37 Branches in Pakistan with Presence in 9 Cities Including, Lahore, Karachi, Islamabad, Rawalpindi, Multan, Peshawar, Faisalabad, Sialkot & Gujranwala. Nirala has Presence in 4 Regions of the World including Sharjah, Dubai, Canada, USA and Europe. Vision The vision is to make Nirala a global brand, a brand recognizable for its uniqueness and quality in ethnic food market all around the world.

In this perspective it consider itself as an innovative and a pioneer company, continuously offering unique products and interesting service concepts that others haven't even dreamt of. Core Values The core values of the organization which they consider the Spirit of Nirala have not changed over the past half century. Those values and traditions which have made the brand Nirala a market leader for the past 60 years are: * Continuous Improvement * Innovation * Integrity * Team work and * SocialResponsibilityDepartments * Administration *Finance& Accounts * Human Resource * Marketing * Milk Procurement MIS * Production * Quality Assurance * Retail Store * Shop Operations * Store & Procurement * Supply & Distribution * VAS (Value added services) Products * Mithai * Snakes * Dairy * Beverages Target market The target market of Nirala is the upper and corporate class. Major Competitors in Pakistan Nirala do not consider any one a direct competitor though indirectly it has many competitors . Some of them (area wise)are given below. Lahore * Gourmet * Fazal sweets * Rafique sweets * Butt sweets Islamabad-Rawal pindi * Jameel Sweets * Fresco Sweets Karachi * Qasr-e-shaheen Supply chain management

The Nirala ensures timely and effective distribution of the products to chain of Nirala sweets stores spread all across Pakistan. From Transportation to obtaining route permits and approvals, is done by this department. Supply chain Process of Nirala Firstly the production department of Nirala receives projections from the sales department for example what products should be produced, how much quantity needs to be produced, what are the products that need more production than the rest etc. Sales Manager is responsible to

deliver all these information and projections about the total quantity need to be produced.

Production department then make the products accordingly which results in two products semi finished products and finished or ready to dispatch products by having a special check from the production manager who ensures the right amount of ingredients, quality and recipes that should be followed in the making of those products. Processing facilities are de centralised and located in Lahore, Karachi and one in Dubai. Production manager also ensures that the production should be done on the required time and by the required quantity in order to give high quality products to the customers.

Semi finished goods are transferred to the stores of Nirala whereas the finished products directly go to the Pre- supply department . Stores are the central place for raw materials, finished as well as semi finished products . Nirala is currently using the facility of cold stores as well as blast freezers for storage purposes which help in increasing the life of the products. These stores are responsible to check the availability of the raw materials received from the procurement department which is the most important department of Nirala sweets .

This department make raw materials available to the stores for the production of sweets as well as packaging of the finished products. The finished products that were transferred to the pre- supply department are then molded into different shapes, sizes and cuts. Pre- supply department is the only department at Nirala which lacks a manager, instead of the manager they have a supervisor for this department which supervise all the

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activities of the labor and makes sure that everything is done according to the standards or not.

After wrapping and final packaging of those products by the pre-supply department, they are transferred finally to the Supply department with the help of carriers e. g. trucks and vans (Shahzor, Mazda, and Suzuki pickup) owned by the company which delivers the final products to different branches of Nirala. They use voucher system for this process, vouchers are send with the products to outstation branches of Nirala located in Lahore , Islamabad and Peshawar in order to make sure that the right amount is transferred to its designation .

Branches after receiving the products and making sure that everything is received on the right date and by the right amount then dispatch the record of that receiving to the supply department at 7. am before the opening of the branch which is 8. am . This whole process is done on daily basis. Branches check the dispatch products through ERP (Enterprise resource planning). Enterprise resource planning (ERP) systems integrate internal and external management information across an entire organization, embracing finance, manufacturing, sales and service, customer relationship management, etc.

ERP systems automate this activity with an integrated software application . The purpose of ERP is to facilitate the flow of information between all business functions inside the boundaries of the organization and manage the connections to outside sources. But if there is a mismatch between the products and the vouchers i-e received products is less than the required amount then every department especially the supply department has to

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recheck all the process in order to identify the fault. From these branches customer can buy whatever he wants to buy from the range of products made by the company.

Consumer is concerned with the final product, he is not aware of the whole process from where the product has been passed so it's also very important to check the quality of the final product before the sale of the products as well. Inbound Logistics Pure desi ghee, High quality dry fruit, Milk Operations

- * More than 20% mithai production is carried out at automated plants.
- * Snacks are made on modern machines where as in the production of mithai no such technology is used. Nirala prefer to made mithai with the traditional way.

The only technology used in the preparation is the rods that are used to check the consistency of the sugar syrup.

- * Quality is assured by the Quality Assurance Department which uses two ways to test the quality of products being produced. Firstly they use Sensory Evaluation to test quality. Sensory evaluation involves calling experts to test the mithai (sweets) by eating it and then telling whether it is upto standards or not. Secondly various lab tests are carried out to make sure that high quality raw materials are used in making of products.
- * Nirala also introduced Nirala Doodh in 2005.

Since milk is an integral ingredient when it comes to sweets and mithai, therefore it decided to open its own Ultra high temperature milk plant. Therefore in 2006 with lot of investments and hard work, Nirala was able to establish its first UHT Milk Plant. The capacity of the plant was that it could produce up to 200, 000 liters/day. This was the biggest milk plant ever constructed. UHT plant required significant investments therefore when the

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time came to launch its product that was Nirala Doodh, they were left with very little resources, as a result their this product failed drastically.

Nirala didn't have enough resources to market the product therefore faced lot of constraints as far as the marketing budgets were concerned. Furthermore, due to very little advertising consumers had less brand awareness, it also resulted in increased losses as budgets for the branches were ignored at the same time. Out bound logistics N-Design is a packaging Co. working under the umbrella of Nirala which is offering 80 different types of packaging. It includes traditional paper and card boards, tin, wood, glass and handmade paper. Customize packaging is a speciality of Nirala sweets.

Costs

Since Nirala is a labor intensive company and prefer to make the sweets in the traditional way so the major costs incurred by the company are the labor cost and cost of raw materials. Nirala once imported machines from Germany for this purpose but it failed in making those products so less use of technology helps the company in saving cost. Nirala spend a very little money on the maintenance of outlets that is the reason the condition of outlets of the competitors is far better than those of Nirala because the focus of the company is on the product rather than these things Price Strategy

Nirala Sweets is slightly high than its competitors in price due to quality material used for its production and help Nirala in saving the cost . this is also because of target market that Nirala targets which is the corporate and upper class. Nirala also accepts credit payments by its customers on purchase of RS 200 worth mithai. Promotions Though the marketing department is present if Nirala but it's not doing anything for the promotion

of the company. Marketing activities of Nirala is very limited due to lack of funds.

Also due to unforeseen incident that occurred in 2006, led people to boycott Nirala's products. The death of the two year old and controversial case of Faisal Farooq resulted in huge losses for the company. This news was misreported on various internet websites and blogs and resulted in a bad image of the company for some time period. Also Nirala accepts online orders from its international customers and they are the only ones who are offering online orders. Efficiency Vs Responsiveness

Every company wants to save the cost , same is the case with Nirala, every department tries to save the cost at each step to the maximum but if the question is to make a choice between the two then Nirala definitely chooses the option of responsiveness because if they will incur any extra cost in order to fulfill the demand of customers and to be responsive in terms of supply then they will be more than happy to accept that cost because they are increasing the customer satisfaction and gaining customers loyalty. Chase strategy

There is no scientific rule to forecast the demand in this industry so in order to predict future demand Nirala uses the chase strategy in which the production rate is synchronized with the demand rate because at the end of the day they are just sweets so the demand fluctuations are not very intense which means that the demand for these products can easily be predicted for example the demand of the products increases in the Wedding season (Oct-March), Eid-ul-fiter, Eid-ul-Azha and other occasions like that and decreases in the month of Moharram.

For this reason they do not have any separate department for forecasting. Time flexibility from workforce Nirala also use the strategy of time flexibility from workforce by offering them flexible timing in the low demand period and overtime in the peak demand period to fulfil the demand of customers. Consumer's data base Nirala sweets do not feel the need of making database of consumers especially on daily basis. They make profile of only those customers that complain about their products or have any bad experience with the company and of their corporate customers. Corporate events

An extensive list of corporate clients place customized orders to make their corporate events more exclusive. A wide range of Mithai and customized branded boxes are available to the valued clients at all times. The creative team is always there to convert our client's expressions into beautiful branded packaging, which leaves an everlasting impact of grace and sophistication onto the minds of the recipients. The corporate clientele includes: » ABN AMRO Bank » Allied Bank » Arif Habib Rupali Bank » Bank Alfalah » Citibank » DHL » Dubai Islamic Bank » Emaar Pakistan » PIA » Pizza Hut » PTV SUFI Group of Industries Future plans * Nirala sweets is trying to outsource the company to reduce the extra cost. * To increase the marketing activities for the promotion of the company and allot specific budget for that purpose. * Looking forward to expand in England and Canada where sizable Pakistani communities live. Recommendations * They should review the costs of their products since they are targeting the higher class and upper middle class so that's why the rates are high as compared to their

competitors who make it difficult for the people with medium income and low income.

If they review their costs and cut down a little bit on their prices then they can cover a much more number of customers and their sales will increase. * Continuous innovation and up gradation in technology and effective use of enabling technologies such as MIS will help integrate the entire supply chain better. * Sales promotions like prizes, lucky draw schemes should be introduced to attract more suppliers and focus more on their advertising because customers have very little information and awareness about their products such as Nirala Doodh.