

Example of operations management essay

[Business](#), [Company](#)



Operations Management

Developing a business is a complex undertaking that requires careful planning and flexibility in order to continuously adjust to the changing business environment. Running a business also gives a certain degree of freedom to entrepreneurs, opens opportunity for higher revenue generation and gives a chance to control the development of the business. The fact that Catherine does not enjoy any of the benefits associated with operating a business, however, she is already overwhelmed by the entrepreneurial responsibilities clearly shows the need to change the status quo in Catherine's Confectionaries.

The foremost important task of any entrepreneur is to define the main focus of the organization and its strategic direction, which identifies the nature of business activities (Mansfield, 1986). Unfortunately, this has never been done for Catherine's Confectionaries and the company developed in a spontaneous way. While in some instances flexibility has a positive effect on the company because it allows adjusting to the market conditions, for Catherine's business such strategic ambiguity led to the loss of focus.

Company's strategic orientation should incorporate the positioning of the products in the market, which is usually defined in terms of the 4Ps of the marketing mix: price, place, promotion and product (Armstrong, Harker, Kotler and Brennan, 2009). The first step in the positioning is to segment the market and to identify the target audience, which should affect the choice of the appropriate marketing mix (Blythe and Zimmerman, 2005). For Catherine, the original plan was to service major events hosted by private

customers, who were not cost sensitive and allowed longer lead times for the order delivery. However, over time the customer base of Catherine's Confectionaries shifted towards business clients, who demanded higher volumes and put more pressure on costs. The latest segment for the business is the walk-in customers, who make purchases directly in Catherine's Confectionaries. Since the competitive advantage of Catherine's desserts was their creativity and design, the shift towards servicing business customers was not an appropriate business strategy. Catherine had neither capacity nor expertise in this kind of business.

Moreover, by targeting all the available customer groups Catherine risks to lose her competitiveness and is forced to compete in the low margin high volume business, where she has little experience. Additionally, this targeting strategy requires a complex positioning and the need to vary the marketing mix according to the customer group, which is hardly possible considering the scale of Catherine's business. Thus, instead of addressing the needs of all clients, Catherine should focus only on servicing special occasions and working mostly in B2C business, while occasionally cooperating with business clients, who are engaged in servicing private events. Such approach will be consistent with the original orientation of the business towards high quality items with longer delivery times. It will also be less demanding in terms of advertizing than the walk-in business, which requires aggressive promotion in order to overcome a significant market competition. Most importantly, it will give Catherine an opportunity and time to create sophisticated desserts, which have been her passion and the main driver to start the business.

Once strategic objectives for the business have been defined, Catherine can design operational target for her confectionary business. Since the ultimate goal of most businesses is profit, profitability forecast and targets should be set in order to monitor company performance. In order to do that, Catherine should consider analyzing the market and evaluating the possible demand for her products. This would allow making more well-thought decisions regarding further expansion, especially in such new areas as walk-in business and B2B market.

Profitability analysis will also allow to assess the costs and to identify the areas for potential improvement and more for efficient capacity utilization. For example, since walk-in business does not directly fit into the business portfolio of Catherine's Confectionaries, it is possible to create a partnership in order to lease the restaurant together with a partner and to outsource the operation of the walk-in business. In this case Catherine will be able to share the risks and to eliminate the costs associated with the walk-in business that does not fit into her business model, while maintaining the possibility to sell and to promote her products through this channel.

References

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