

# Report on product innovation charter of a manufacturing company

[Business](#)



**INTRODUCTION** Companies develop new products for nine different reasons.

But the company must know for whom the product will be developed, what are the market opportunities, what are the market problems etc. For this, companies follow specific guidelines to innovate any products. “ Innovation” -means “ A new idea, method or device. The act of creating a new product or process. The act includes invention as well as the work required to bring a new idea or concept in to final form.

The Product Innovation Charter is the basic guideline to invent, develop or produce a new or existing product that is included in the vision statement of the company. It is the master plan; it provides the direction for a company’s new product efforts, and it is the essential link between company’s product development effort and company’s corporate strategy. It is the heart of any organized effort to commercialize a new product. It contains the reasons the project has been started, the goals, objectives, guidelines, and boundaries of the project. It is the “ who, what, where, when, and why” of the product development project. Through a Product Innovation Charter, a company can plan to produce those products which can sustain in the market by making profit.

**THE OBJECTIVE OF THE REPORT**Product Innovation Charter is the basic in producing or developing product of company. As a manufacturing company of dairy product, BDFP trying to add new product in product line while working for development of existing products. The objective of the report is to understand the different guidelines for BDFP to produce such product.

**SCOPE** The scope of this study is to analyze the Product Innovation process

of the Dairy Food Process of BDFP. Since BDFP is the manufacturer of variety of Dairy product, we have tried to collect information about the Product Innovation process from the company as much as possible.

Based on which we would try to understand background of the line of products of BDFP. **BACKGROUND OF BRAC DAIRY & FOOD PRODUCTS LIMITED:** BRAC started in 1983 with livestock development program in order to create income and employment generation program for rural poor people. Initially their activities were artificial insemination veterinary health care, livestock rearing and fodder cultivation. In order to provide fair price as well as nutritional support to the urban people, BRAC Dairy and Food Project (BDFP) was established 1998. Currently 722 people are working as permanent and approximately 100, 000 farmers are engaged with BDFP. BRAC Dairy is the 2nd Largest Milk processor company in Bangladesh.

The product is branded as AARONG Dairy products. BRAC Dairy & Food Product Ltd. is a concern of BRAC, the largest Non Government Organization (NGO) of the world. It has introduced variety of dairy food items in the local market to fulfill the needs of people of Bangladesh. The following products are manufactured and marketed under BDFP Ltd. : ? Aarong Pasteurized Milk ? Aarong Chocolate Milk ? Aarong Mango Milk ? Aarong Power Milk ? Aarong Butter ? Aarong Ghee ? Aarong Mango Juice ? Aarong Tamarind Juice Aarong Curd ? Aarong Strawberry Yogurt Drink ? Aarong UHT Chocolate Milk While producing and marketing the products, BDFP has followed the basic guidelines of Innovation process as a Dairy Manufacturing Company.

The main objective of this report is to gather knowledge about the Product Innovation process of BDFP. Mainly the objectives are: ? To find out the reasons how Product Innovation Charter worked for BDFP ? To find out the way how to increase variety of production ? To find out the how BDFP worked improvement of method for a existing & new product Corporate Slogan: Bolistho Bangladesh Gorboi (Committed to create stronger Bangladesh) Mission: To empower people and communities in situation of poverty illiteracy, disease and social injustice. Our intervention aim to achieve large scale, positives changes through economic and social programs that enable men and women to realize that they are potential. BDFP AT A GLANCE Installed Capacity of BDFP 10000 Litre per hour Area of BDFP site4. 13 acres Normal operation2 shift throughout the year except Ramadan Normal staffs complement722 permanent, 100, 000 Farmers Storage spaceCapacity 200, 000 litre RetailerNos.

4, 000 BDFP Processing Performance & Target for year 201020092008  
Volume processed (Litre) in mln39. 6 32. 7631. 32 Throughput  
(Litre)100001000010000 Kgs / Man-Hr722625580 Yield (%) Pasteurized  
Other 80. 00 20. 13 76.

00 24. 0 68. 00 20. 83 BDFP cost (Tk / Litre)39. 0036. 0032.

00 Source: Brac report 2010-1011 Product Innovation General Practices and Frameworks: There are some general practices based on which a Company moves toward designing a new product. These are as below: ? Innovation Drivers The “ Innovation Imperative” is being driven by a number of broad changes in the business environment. The changes are accelerating change,

<https://assignbuster.com/report-on-product-innovation-charter-of-a-manufacturing-company/>

resulting in a state of “ continuous disequilibrium” in industries and markets.

In this environment, innovation skills are becoming as much of a requirement for success as operational excellence. These trends include:

- Knowledge Economy. Higher levels of education globally, and rapid advances in knowledge at all levels of the society and the economy result in “ knowledge content” accounting for an increasingly larger percentage of GDP.

- Connectivity. Higher levels of connectivity in the economy, largely due to information technology advances, create: More rapid diffusion of knowledge and ideas. ? More discriminating customers, who change their requirements more rapidly.

- Flexibility. New business designs and communications systems create an ability to rapidly form novel combinations of all the elements of the value chain – people; capital; fixed assets; and knowledge.

- Globalization.

The spreading of market economies both creates new opportunities to sell innovation and creates more competition, requiring higher levels of innovation to succeed. However, we can see below for some specific

elements of an Innovation Strategy PRODUCT INNOVATION CHARTER OF

BDFP Considering basic elements of Innovation strategy mentioned earlier,

we have tried to understand the PIC of BDFP. BDFP follows the PIC rigorously

to Product development to Innovation of their New Product. 1. Product

Platform: The Dairy Milk Products Industry initiated in 1946 through the set

up of the first dairy plant in Sirajgonj while Milk and Dairy product marketing

started in 1952 under the brand ' Milk Vita'. The industry fostered with the initiation of Milk Vita Cooperative Dairy Complex in 1973.

Being the major nutritional food item, the dairy industry started to move forward. Based on the platform created by Milk Vita, Brac Dairy & Food Products Ltd. was established in 1998 and became one of the leading milk processing company in Bangladesh. They are currently one of the highest market turnover of around BDT 2000 Mln. Since Milk Vita was producing only limited dairy items, BDFP concentrated on meeting the product Target Gap of the consumer market by offering variety of items. The total production of milk in Bangladesh was 870, 000 MT in 2010.

Every year it increases by 1. 18% historically (from GDP at Constant Prices). The increasing demand for dairy products in Bangladesh led BDFP to produce high quality dairy food products for the local people. As they produce dairy items their prime raw material is the Raw Milk. They collect & process Milk from 100 collection and chilling stations located in 25 districts.

As the technology advanced drastically, packaging well as storage facility of perishable items such as milk products has improved. Considering the facilities available, it has become easier for the company to extend their product line and introduced variety of dairy products for the consumers. 2. Product Characteristics: The main product of BDFP is Pasteurized Milk. The milk is produced for all segments of consumer. However, considering competitive market scenario, BDFP extended their product line with variety of dairy items such as Chocolate Milk, Flavored Milk, Juice, UHT Milk, Butter, Ghee etc.

The products of BDFP also varies based on the Target Customer. BDFP offered products vary based on Appearance, Taste, Consistency, Water & Fat elements, Shape and Size. Such variation in product line considered upon taste & preference of the consumers. Such as Aarong Juice is mainly preferred by children. It is marketed in 200 ml pack for instant use. Similarly Aarong Chocolate Milk or Strawberry Yugurt Drink is introduced understanding the flavor preferred by consumers.

On the other hand, product such as Aarong Tamarind Juice was introduced influenced by Management. Also some products are outcome of utilization of unused machinery. BDFP utilized their unused machinery to produce Milk to Juice. Keeping in mind the general household requirement, items such as Aarong Ghee, Butter and UHT Milk has been introduced. This is basically the effect of Contestable Market as Milk Vita became successful by producing similar products.

Moreover, In a country like Bangladesh with high ambient temperature, milk being very perishable item, the dairy products especially pasteurized milk needs 100% cold chain starting from packing to storage, storage to distributor, distributor to retailers. If there is any increase of milk temperature more than + 4 Deg C during the storage and distribution, the quality of Pasteurized milk deteriorates instantly. As such, the scope of distribution of pasteurized milk remains within urban city and within the limited market area of the country. Keeping in mind of the storage requirement of their products, BDFP ensured setup of storage facility near the collection station. 3.

Production Description: Since it is a food processing company, it follows highly equipped process in their production plant. As a result good outcome is always expected from the authority of BDFP. BDFP completely acquire its main raw material from local farms. Their respective employees always try their level best to continue this process smoothly. The manufacturing process includes Standardization, Heating, Cooling, Chilling, Homogenization, Separation, Pasteurization and mixture of additives, where necessary.

At first collect milk from the farmers, and put them in the Chilling Centre. After that milk is transported through insulated road milk tanker to the factory for processing. After processing the product is ready for consumption. The whole process requires complete specialization. For items like Chocolate milk, Strawberry Yogurt Milk, Tamarind Juice different additives such as flavor, corrugated sugar and preservatives are mixed. 4.

Technology Platform: BDFP collect milk from 100 stations all around the country. Since they are producing perishable products, they set up local processing units with storage and distribution facility keeping the quality intact. They have separate R&D Division to improve the production process regularly while working to introduce new product at the same time. 5. Sales Capacity: Understanding the availability of resource including Human Resource, Raw Material, Technology, Machinery, Cost of Production BDFP calculate their capacity to deliver product in the market.

For this estimation of the overall market demand in terms of daily, weekly, monthly and yearly is done. This helps the company to assess their profitability, Sales figures, Sales figures etc. 6. Distribution System: BDFP

<https://assignbuster.com/report-on-product-innovation-charter-of-a-manufacturing-company/>



utilizes their existing stations to deliver product to different selling points in different part of the country. Mostly they have their own transportation with proper cooling storage facility to reach in the selling points.

Without ensuring the transporting facility for such product it is not possible to reach in good condition to consumers. 7. Sales System: BDFP delivers the products such as Milks directly to retail sales points. They do not use the whole sale channel due to time factor for such product. . Marketing Channel: Milk Vita is the main competitor for milk item of BDFP.

For other products, companies such as Pran, Square Group have introduced their respective brands. In the competitive market scenario, BDFP emphasize on capturing market through different advertisements in Daily Newspapers, TV ad highlighting different features of their products. 9. Legal Condition: In developing a new product, company should always be aware about the fact that the product must not produce such product which is illegal, Immoral and opposed to public interest. Understanding the legal issues relating to food products BDFP ensure the facts relating production and marketing of the food. Since BDFP is generally producing food products, they always try to ensure nutrition and Hygiene issues while producing food products.

The information relating legal authentication, Hygiene, Ingredients, Production and Expiry Date etc. are mentioned in the each of the packaging. 10. Time Schedule: Time Management is one of the most important factors in producing perishable product such as Dairy Product. BDFP ensure proper time management all through the process.

It is very important to maintain time from collecting milk at farmer point to final product production. Keeping the time factor in mind, BDFP ensured processing plants near the collection station. This has ensured the utilization of milk in the target time. CONCLUSION: In addition to being differentiated by what aspect of the business they affect, innovations can be differentiated by the breadth of their scope. Innovations can range everywhere from a significant improvement in a business process, to a radical redesign of the company's entire business model.

As the scope of the innovation increases, the level of complexity and risk associated with it also increases. In Bangladesh, Milk has a nutrition value to every human being. So the possibility of decrease in demand is less likely but there are certain risk factors in factors in this industry as such as availability of raw milk, quality of milk, distribution & marketing which may affect the demand & profitability of any particular company. Thus it is very much important for BDFP continue to follow Product Innovation Charter in developing any new product.