

Jollibee



**ASSIGN
BUSTER**

I. BRIEF HISTORY AND DESCRIPTION OF THE COMPANY Jollibee Phenomenon

Jollibee is one of the Philippines' phenomenal business success stories.

Starting in 1975 as a two-branch ice cream parlor, it later expanded its menu to include hot sandwiches and other meals. With encouraging success, Jollibee Foods Corporation was incorporated in 1978 with seven outlets to fully explore the possibilities of a hamburger concept. Thus was born the company that revolutionized the fast food industry in the Philippines.

In 1984, Jollibee reached the P500 million sales mark, catapulting the company into the list of Top 500 Philippine Corporations. In 1987, barely 10 years in the business, the company joined the ranks of the Philippines' Top 100 Corporations. It then became the first Philippine fast food chain to break the P1 billion sales mark in 1989. In 1993, Jollibee became the first food service company to be listed in the Philippine Stock Exchange; thus broadening its capitalization and laying the groundwork for sustained expansion locally and beyond the Philippines. Undisputed leadership

Jollibee is the country's leading fast food chain. The size, geographic expanse and breadth of the company's operations have grown exponentially - from a handful of Jollibee stores twenty-five years ago to over 400 stores in the Philippines and several international stores in countries like the United States and Hong Kong. It is now an international brand with phenomenal milestones that has made millions of Filipinos proud. But Jollibee's leadership is not only reflected by market share (the company enjoys more than half of the entire fast food industry); numerous local and global awards attest to this as well.

Recipe for success The foundation of Jollibee's rapid growth has been its strategy to establish dominant market coverage complemented by its

superior menu line-up, creative marketing programs and efficient manufacturing and logistics facilities in support of its widening restaurant chain. It is powered by teams of well-trained individuals embracing the culture of integrity and humility, working in a family-like environment of fun and togetherness. As a corporate citizen, Jollibee is also committed to serve its host communities.

The company not only nourishes bodies but also people's spirits through countless socio-civic projects. A triumph for and of the Filipino Jollibee dedicates its continuous success to those who have supported the company from the very start - the Filipino people. Jollibee has grown to be so well loved that every time a new store is opened, especially overseas, Filipinos form long queues to the store without fail. It is not just a place where they feel at home; it is a stronghold of heritage, a monument of Filipino victory.

Values • Always customer first • Excellence through teamwork Spirit of family and fun • Frugality, Honesty and Integrity • Humility to listen and learn Mission • We bring great taste and happiness to everyone Vision • Become the most dominant and best-tasting QSR... • The most endearing brand... that has ever been • We will be within reach of every Filipino... • We will lead in product taste at all times... • We will provide FSC excellence in every encounter... • Happiness in every moment. Jollibee Operations Bee happy.... Langhap-Sarap sa Jollibee! Day in, day out, Jollibee serves over one million Filipinos who flock to its more than 400 stores all over the country.

In ways, small and grand, Jollibee's tasty food, cheerful service and friendly crew touch the lives of so many people who leave its stores with happy memories that will last long after that birthday party, first date or even

just that simple meal a customer had when he dropped in one rainy day. From a modest beginning, Jollibee has grown to become not only the number one fast food chain in the Philippines with over 400 stores nationwide, but is also an international brand that has the distinction of being one of the world's most admired companies by the Far Eastern Economic Review. But Jollibee is not stopping here.

To reinforce Jollibee's capability to enhance its leadership and build growth, the Management embarked on a broad range of strategic initiatives. Since its starting 1975, the company has expanded tremendously. The phenomenal growth is attributed to the company's unwavering quest to serve and delight the Filipino customer as well as its ability to anticipate and adapt to the ever-changing market environment. Jollibee continues to push its store network expansion maintaining lead over competition, focused on optimum results from right-sized stores on the best site selection in trading territory.

This ensures effective and efficient market coverage. To meet the challenges of a more intensely competitive market and to manage the business more effectively, the company undertook a major initiative to re-align the structure of Jollibee Philippines. The new organization, which has successfully been put in place, has the capacity of enhancing continued dominance in the quick service industry. In 2000 Jollibee Philippines was decentralized into four autonomous Regional Business Units (RBU), corresponding to the country's major geographic markets: Mega Manila, North Luzon, South Luzon and Visayas-Mindanao.

The decentralization has structured each RBU into a more manageable business size and p of control. Key support functions like human resources

and administration, finance and network development have been transferred to the RBU for greater efficiency in the delivery of products and services, quicker coordination and more timely decision-making. The Head Office/Corporate Services functions (Marketing, Finance, Restaurant Systems, Engineering) have been re-aligned as Support Center to provide continuing assistance to the RBUs and provide corporate-level directions.

The new structure has proven to be more responsive to the needs and challenges of a rapidly growing organization and an even more dynamic market. The program has resulted to better execution of programs and renewed enthusiasm and commitment from the Jollibee people. Parallel to all of the above initiatives is the continuous improvement of operating productivity and efficiency across the Jollibee fastfood chain. It continues to initiate improvements on equipment and facilities as well as store procedures to generate faster volume turnover and achieve better quality in the delivery of products.

Jollibee remains firm in its resolve to maintain its dominance in the fastfood industry. It will continue to push forward with its strategic programs and aggressively pursue further network expansion to ensure superior market coverage nationwide. Most importantly, it will continually apply itself to the paramount task of consistently delivering superior tasting products at the most affordable prices and services of the highest standards in a bright and clean store environment. **MARKETING STRATEGY**

In line with its long-term goal to be the dominant food service leader in the country, the company acquired Greenwich Pizza in 1994 enabling it to penetrate the pizza-pasta segment. From a 50-branch operation, Greenwich

has established a strong presence in the food service industry. A year later the company acquired the franchise of Delifrance, an international food company. This further expanded its penetration in the food service industry particularly in the French cafe-bakery, a growing segment of the Philippine food market.

In 2000, the strategic acquisition of Chowking solidified the company's position as the dominant leader and allowed it to have leadership in a major fast food market - the Oriental quick service restaurant segment. The incorporation has revitalized Chowking; providing a platform for the growth of the business and further increasing the enterprise value of the Jollibee Group. Jollibee's advertising is deeply rooted in the traditional Filipino values of family and love for children. Fueled by Filipino creativity, its expression "Atin ang Langhap Sarap!" is anchored on its products' unique taste and superiority. It aims to be perpetually in the public consciousness through television, radio, print, cinema advertisements and billboards. The company also sponsors selected community activities. Moreover, premium items and toys are offered to bring home and display on the toy shelf. Likewise, as a way to ensure that the superior equity is sustained and a strong, cohesive and comprehensive visual identification in all Jollibee stores is created, a system - wide Jollibee retail identity was initiated.

The international graphic design group, Addison was commissioned to formulate the new retail identity that is more dynamic and fun-oriented. The new retail identity is an integrated system encompassing the total restaurant design from the menu-board and various signages, the dining equipment and area, to the Playland and other facilities. The product menu is continually

reviewed to sustain consumer excitement. Existing products are improved and re-launched. New products are test-marketed in keeping with the strategy of having a continuing fresh line up of products.

All these to respond to customers' changing needs and preferences which has been a major factor in Jollibee's success. At the forefront of innovative marketing and advertising program are the Value Meal product upgrades and additions. This has indeed proven to be an effective response to the narrowing consumer spending power brought about by the current economic crunch. Jollibee owns the children market and will endeavor to keep its stronghold on this segment. Hence, Jollibee continues with its Jolly Kiddie Meal promotions, offering a choice of Regular Yum, Spaghetti Special or Chickenjoy.

SALES FORECASTING, PRODUCTION SCHEDULING AND MATERIALS REQUISITION PLANNING
Sales Forecasting The sales forecasting done by the store manager is the main determinant of the amount of supplies the store will need. Sales is proportional to the number of products sold so forecasting sales in advance would tell how much supplies the store need to order. Sales is projected daily or weekly and is based on the store's sales history. From the sales history, the store manager can determine the store's day type. The day type refers to the categories of a day's performance.

These are Slack, Semi-Peak, and Peak. Knowing the store's day types will help the store manager determine the sales projection. Production Scheduling Production scheduling is done after determining the demand for each of the products. Each of the product has different production schedules. This is because the demand of one product is different from the demand of

another product. They have also different times of peak sales. The schedule determines the number of product to produce for every hour of the day and the number of product to maintain on the warmer bin.

Supplies Planning It is the system of planning the amount or volume of materials needed by the store to meet the demand for products at specific volume of transactions for a given a period. **Objective of Supplies Planning** Through supplies planning, the store manager gets to determine the actual order for each item in the store. Supplies planning prevents overstocking and stockout of supplies. The steps in supplies planning are: 1. Plan the supplies needed by the store based on sales projection. 2. Ensure correct perishable and nonperishable inventories. 3.

Update the stock factors according to changes in sales trend. What are the supplies? The store's supplies vary from cleaning materials to hand towels to frozen patties. Supplies are categorized into two: Daily Supplies - wet/frozen/items that are highly perishable Weekly supplies - dry items like packaging and cleaning materials **Actual Order of Supplies** The actual amount of supplies that the store will order from Commissary. This is relayed either thru the web or iBOS. This is where supplies and requisition comes in. The prerequisites of the actual order of daily supplies are: . forecasted sales - is based on store's sales history. 2. adjusted sales - sales is adjusted for unexpected occurrences. 3. stock factor - amount or volume of a product or a raw material needed to serve customer demand for every hundred pesos of sales. $SF = \frac{\text{Average Quantity of Products Sold}}{\text{Average daily Sales}}$ 4. forecast stock - refers to the number of items to be stocked in the store for a given type. $FS = \text{Adjusted Sales} \times \text{Stock Factor of Raw Material}$ 5. ending

balance - remaining available stock of items prior to ordering. 6. aily supplies requisition form - is a form used to compute the actual order of daily items. It includes a list of the wet /frozen/bakery items. AO= Forecast Stock - Ending Balance The prerequisites of the actual order of weekly supplies are:

1. average daily usage - average daily usage, or ADU, is the average quantity of items sold in one week. It is affected only when there is a change in the weekly sales forecast or weekly sales trend. It does not include bulk orders. $ADU = \frac{\text{Total quantity of products sold for one week}}{7 \text{ days}}$
2. rdering cycle - is the sum (in days) of the delivery interval, forecast usage coverage and buffer period.
3. stock build up - total usage for the whole length of the ordering cycle. It also represents forecast stock. $SB = \text{Ordering cycle} \times ADU$
4. par stocking - average quantity of stock needed to sufficiently supply the needs of the store for the whole ordering cycle.
5. ending balance - remaining available stock of supplies.
6. weekly supplies requisition form - is a form used to compute the actual order of weekly items. It includes a list of the wet /frozen/bakery items.

Steps in Daily Supplies Planning

Step	Activity	Key person
1	Gives the daily supplies requisition form to stockman	Production Manager
2	Gets the ending balance (EB) by conducting a physical inventory count of the items	Stockman
3	Checks the EB at random to ensure accuracy	Production Manager
4	Gets the forecasted from the store manager then writes this on a equisition form	Production Manager
5	Computes the Adjusted sales and writes this on a requisition form	Production Manager
6	Computes the stock factor (SF) of each item and writes this under the SF column	Production Manager
7	Computes the forecast stock (FS) of each item and writes this under the FS column	Production Manager
8	Gets the actual order (AO) of each	

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item and writes this under the AO column | Production Manager | | 9 | Signs the requisition form in the blank provided. | Production Manager | IV. ANALYSIS OF THE COMPANY'S PRODUCTION PROCESS Forecasting is an indispensable tool in the production process of Jollibee Foods Corporation. Demand is forecasted based on the sales of the store for the past periods. This data can be obtained from its system called iBOS. This forecasted data is adjusted for some occurrences or factors that might affect their sales in the period that the store is forecasting. This forecast is then translated to production schedules of different products. After making the production schedules, the Production Quality Manager (PQM) performs the supplies planning.

Jollibee Corporation has policies and processes concerning supplies planning and requisition. The PQM of each store has the hand on how to go about the planning and ordering of supplies needed for his/her respective store. Jollibee Corporation has already installed a system of ordering supplies needed by its store branches - the AMWS. Jollibee, City of San Fernando branch has the following system of production. The schedule of ordering for wet/frozen supplies is every Monday, Wednesday, and Saturday. Delivery of such has a lead time of 2 days. On the other hand, schedule of ordering for dry supplies is every Tuesday, Friday and Sunday, with a lead time of 3 days.

If the PQM Manager has already placed his/her order and there are some unexpected orders that can affect the consumption of supplies, he or she has the benefit of making adjustments to his or her order a day before the delivery date through its system -- AMWS. Special Holidays and events are highlighted in the store's calendar to incorporate these in the determination

of demand and to prevent stock out of supplies. If there is really an unexpected bulk order, and the store cannot accommodate such order, the store has the option to decline the order. Otherwise, the store borrows from another store in the area to avoid opportunity loss from that order. V.

RECOMMENDATION

Our modern technology is continually giving advances to business organizations. And Jollibee is one of those that continue to search for more improvements in their systems concerning their operations. With the case of iBOS, the product quality manager can easily create, modify, inquire and maintain useful data by just a click of a mouse. Once the program/system is entered into the computer, the PQM is supplied with needed information on inventory balance, order listing and sales. Truly, the advantage of this system is to increase the productivity of the PQM and making it accessible to other department managers who might need the above mentioned data in making business decisions.

Poor decisions may affect the firm's profits by requiring expensive corrective actions and may be driven out of business by a much more vigilant competitors. Thirty years of solid experience made Jollibee Corporation produce and adapt the nationwide computer aided system to their advantage. It would not make it as the number one fast food company in the Philippines if not for its expertise in their production. It is therefore recommended that Jollibee Food Corporation to continually improve its production and make use of technology to further enhance its systems.

TABLE OF CONTENTS I. Brief History/ Description of the Company II. Marketing Strategy III. Sales Forecasting, Production Scheduling and

Materials Requisition Planning IV. Analysis of the Company's Production Process V. Recommendation