

Kea case study

Business



KEA sells ‘ a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them’. His KEA Concept ‘ guides the way KEA products are designed, manufactured, reinserted, sold and assembled, or, put another way, it guides all aspects of its operations management’. The name KEA comes from the initials of its founder, Angina Kampala, I and K, plus the first letters of Elementary and Quandary, which are the names of the farm and village where he grew up. In the asses Kampala, who was successfully selling furniture through a catalogue operation, built a showroom in Stockholm. Not in the centre of the city where land was expensive, but on the outskirts of town.

Rather than buying expensive display stands, he simply set out the urinate as it would be in a domestic setting. Instead of moving the furniture from the warehouse to the showroom area, customers pick up the furniture from the Morehouse themselves. The furniture is usually designed to be stored and sold as a flat pack which the customer assembles at home. The stores are all are large notice boards which proclaim Kike’s philosophy and provide advice to shoppers who have not used the store before.

Catalogues are available at this point showing product details and illustrations.

For young children, there is a supervised children’s play area, a small cinema, a parent and baby room and toilets, so parents can leave their Children in the supervised play area for a time. Customers may also borrow pushchairs to keep their children with them. Parts of the showroom are set

out in room settings', while other parts show similar products together, so that customers can make comparisons. KEA likes to allow customers to make up their minds in their own time.

If advice is needed, 'information points' have staff who can help. Every piece of furniture carries a ticket with a code number which indicates the location in the warehouse from where it can be collected.

(For larger items customers go to the information desks for assistance.)

After the showroom, customers pass into an area where smaller items are displayed and can be picked directly by customers. Customers then pass through the self-service warehouse where they can pick up the items they viewed in the showroom.

Finally, the customers pay at the checkouts, where a ramped conveyor belt moves purchases up to the checkout staff. The exit area has service points and often a 'Swedish Shop' with Swedish foodstuffs. Because of the way KEA organizes its store operations, customers often spend around two hours in the store - far longer than in rival furniture Page 1 of 3 retailers.

A large loading area allows customers to bring their cars from the car park to load their purchases. Customers may also rent or buy a roof rack.

Operations management is a vital part of Kike's success KEA provides a good illustration of how important operations management is for the success of almost any type of organization. First KEA understands what is important for its customers. Second, and just as important, the way it produces and delivers its products and services is right for that market.

This is essentially what operations management is about - producing and delivering products and services that satisfy market requirements. For ' KEA, and for any business, it is a vital activity.

Consider just some of the activities that Kike's operations managers are involved in: 0 arranging the store's layout to give smooth and effective flow of customers (called process design); designing stylish products that can be flat-packed efficiently (called product design); making sure that all staff can contribute to the company's success (called Job design); choosing stores of an appropriate size in the most effective place (called supply network design); arranging for the delivery of products to stores (called supply chain management); coping with fluctuations in demand (called capacity management); maintaining cleanliness and safety of storage area (called failure prevention); avoiding running out of products for sale (called inventory management); monitoring and enhancing quality of service to customers (called quality management); continually examining and improving operations practice (called operations improvement). Although these activities represent only a small part of Kike's total operations management effort, they do give an indication first of how operations management should contribute to the business's success and second, what would happen if Kike's operations managers failed to be effective in carrying out any of its activities.