Good example of report on meeting the challenge of a sustainable business

Business, Company

Executive summary

A product’s life cycle and its source industry are characterized by maturity, growth and also the eventual decline. Better and new technologies besides changing the tastes of a consumer exhibit the speed of decline of an incumbent, commoditization, and finally death. However, the humble Corticeira Amorim company has remained strongly from this terrible norm, portraying a fascinating situation of the survival of an industry and dominance for long. Cork owned the monopoly and it has been the only stopper on the market until some decades ago, and opening a wine bottle using a corkscrew significantly formed a vital part of the custom within the wine drinking arena. It is interesting therefore to examine and analyze how Corticeira Amorim has been able to survive, and measures taken to take back market dominance despite the challenge of alternative closures, whereby some of them has better attributes making them preferred to cork. Within the wine industries, discussions have put a lot emphasis on two major issues: price and technical efficiency. For long, cork stoppage has had a setback with a chemical reaction that originates from the cork stopper which is contaminated with 2, 4, 6 triclhoranisole abbreviated as TCA, this leads to

wine spoilage.

Introduction

The simple stopper made from cork offers a fascinating example of an industry that for over five centuries has dominated and survived as the only choice to fit the opening of a wine bottle. This market dominance has come under severe threat from substitutes stoppers including: aluminium and synthetic screw caps. Here, we analyze how Corticeira Amorim is trying to resolve the challenges of technical efficiency from TCA contamination and some volatiles, and also the prospects of this business for the next forty years. Globally, the company is the largest of its kind with an overall market share of about one fourth. The accomplishment of these innovation processes could prove vital for the overall cork industry, it is not only to mitigate the rise of substitute stoppers but trying also to recapture some lost share of the market.

How Corticeira Amorim has handled the business challenge

Irrespective of the cork taint problem being known for quite some time, the accusations of Corticeira Amorim cork as the main cause were completely brushed aside by the company, usually shifting the blame on the wine manufacturers. chloroanisoles was a known problem for the beverage, packing and food industries, however the 2, 4, 6 TCA turned into a problem, this caused the wine to change the flavor, insipid and to generally turn to what is regarded as wine being corked.

The wine consumers named the wine in different terms such as cork taint, faulty wine, or wine. 2, 4, 6-TCA is a stable chemical instantly formed and absorbed easily most synthetic and natural materials. It is generated by

airborne fungi, this happens when precursors such as 2, 4, 6-TCA are present. TCA also generates off-odor hitches in some products such as dried fruit, drinking water, coffee, and potato chips. The principal precursor of TCA is a compounded chemical known as 2, 4, 6-trichlorophenol abbreviated as 2, 4, 6-TCP. This compound acts as a wood, cork, and some other organic material self-defense barrier against the process of rotting. (Oliveira 2000, p68).

With the availability of phenols and chlorine, TCP is spontaneously formed and hence it may infiltrate into groundwater and soil and thus coming into contact with the tree, it is either via air contamination, or even via the root at the tree base. Hence, to begin offsetting TCA does not require to utilize the cork starting from the bottom of the oak to manufacture wine stoppers, this is because of contamination risks. (Oliveira 2000, p70).

Corticeira Amorim strategy for correcting the TCA problem in the cork outputs is founded on what the company head reffered as the three pillars. They include: prevention, control and finally curative and each engaging varied degrees in alteration process. The preventive initiatives are associated with the process of procurement of the cork, and also the start-up operations of the process of manufacturing the stoppers. The control initiatives are the innovation of quality controls implemented, particularly TCA chromatographic analysis, and also sensory analysis most of which depend on work carried out at the laboratories in California. The curative initiatives that encompass the third pillar purposes to eliminate TCA and some other volatile elements. (Oliveira 2000, p71).

Preventive measures. Over the past years, the pellets of the bark were left

on bare earth causing them to be susceptible to attacks from fungus, and thus TCA. Hence the company changed the systems of storage in the course of the last decade. Bales of bark are now placed on the pallets which are inclined against a concrete floor. The inclination enables rainwater to drain well. The seasoning of cork bark within six months that follows is hardly done within the forest or the owner’s warehouse within the plantation, but is highly carried out in the company factories. In case a cork contacts the bare earth in the course of seasoning time, is used in manufacturing products in other units. The cork barks set aside for making wine stoppers are put and stored factories pallets. The pallets are made of stainless steel. The airing that happens in the course of seasoning process can also aid in lowering the formation of TCA. The entire process of seasoning indicates a significant shift from earlier practices. Before the start of the boiling process, the barks have to encounter a process of cutting. The barks within the oaks trees are cut while they are on the ground; they go through a further cut when taken to the factory. Cuts are made approximately 10 cm from the base of the tree, this was because it was understood that it had minimum hazards among diverse samples in the process. (Oliveira 2000, p73).

The process of boiling in Corticeira Amorim Company went through numerous noteworthy changes executed in the face of alternative stoppers from other companies. The previous methods that have been practiced for long incorporated boiling five bark pallets at the same time, and using similar water until it wholly evaporated. When the pallets were decompressed, they possessed high contents of water with humidity of about 40%, this is because the pallets were usually compressed on top of

each other. In a significant shift from this technique, the fresh system incorporated boiling two pallets at a time, which were uncompressed. Water is eliminated after cork bales weighing forty tonnes is boiled, and in the course of boiling process, water passes via a system in which the available volatiles are extracted. (Oliveira 2000, p73). This essential innovation engaging persistent volatile extraction or what is referred to new system as convex, has low contents of humidity of the cork, this is caused by non-compression of the pallets. The maximum humidity content in the stopper industry is recommended to be 14%, when it is taken out from the boilers in this new technique, the barks possess a comparative humidity of approximately 20%. This results to a wait time of 72 hours to reach the 14% mark. Working with the previous technique, the time of boiling would result to relative humidity of about 40% requiring a stabilization time of about three weeks. Longer periods of stabilization and with excess levels of moisture create an enabling environment for the growth of fungus leading to contamination of TCA with the presence of TCP. Therefore, enhanced process of boiling plays a vital role in reducing the levels of TCA. The chamber of stabilization has also been redeveloped, whereby the cork planks are put for three days after they have been boiled. (Oliveira 2000, p73).

Control measures. Most wine consumers can identify TCA when the concentration is about 5ng/liter which amounts to five parts for every trillion. However, this relies on the type of wine-white or red, it is quite easy to spot TCA in tainted white wines than red heavy ones. Rather than just depending on the human sense of smell, the company implemented a technology based on chemical analysis which was generated by ETS laboratories based in

California. This discovery incorporates use of a process known as gas chromatography having a capture electron or mass detection, which is similar to those used for forensic exhibit in the series of a TV-CSI. (Oliveira 2000, p73). The evaluations are often done for the cork wine stoppers, but the samples of cork made from the pallets of cork are frequently subjected to the analysis of chromatography. At the moment, there are seven gas chromatographers in the Corticeira Amorim laboratory testing where 14-15000 of the product samples are tested every month. (Oliveira 2000, p74). The control technique persists even after the process of curative extraction, in addition, sensorial analysis is conducted using gas chromatography-through this, premium natural stoppers samples are analyzed supported by ISO 22308-2005 technique. This sensorial method incorporates soaking five stoppers made from cork in 100ml lot of distilled water for time period of 24 hours at temperatures of 30 degrees Celsius for every lot.

Curative extraction process. While the two earlier processes play a vital role in eliminating the volatiles of TCA, perhaps it is the steaming and vaporization process inventions executed at Corticeira Amorim during the last decade has mostly contributed in resolving the contamination of TCA problem and the continuing cleaning process of cork reputation as the most preffered stopper. (Oliveira 2000, p76).

Some other reputable manufacturers of cork stoppers, oneno from france is the most notable. The company uses an expensive process of cleaning that involves extraction of supercritical fluid using carbon dioxide. Other curative measures that have been innovated are carried out by USA Company that manufactures cork stoppers among other companies. However, it is the

absolute predominance of Corticeira Amorim in the market of cork stoppers whose curative extraction processes are being institutionalized are transforming into a practice in the industry. The process of curative extraction effectively involves two phases, including contaminant vaporization in raw cork and the process of cork stoppers steaming. (Oliveira 2000, p78).

Corticeira Amorim engages a cleaning process known as INOS II, the system of the process was patented in the year 2001 for technical corks of Amorim. The process involves extraction of hydrodynamic to deeply and thoroughly wash the inner structure of the cork to eliminate any contaminants. The disks are then dried in ovens, or they can be sterilized with air and in order to maintain flexibility the air has a relative humidity to a level of between 6-8%. This lowered the contamination of TCA. (Oliveira 2000, p78).

Vaporization. The main purpose of vaporization process is to decontaminate raw materials, particularly the TCA within the cork. After boiling, cork bales go through this process which helps not only in extraction of volatile compounds and TCA, but also in moisture homogenization, which makes it possible to work with barks of cork in the process of punching to make cork stoppers. (Oliveira 2000, p79).

Even if the efforts to mitigate TCA contamination has not been fully realized, laboratories in Corticeira Amorim are engaged in a number of projects including the continuing research to determine TCA migration from the core of the cork and then to the inside of the bottle, and at the same time a research to determine a TCA soil marker which could establish TCA uptake or precursors like cork tree TCP uptake from the soil. (Oliveira 2000, p79).

Refining research findings and the future of the company after forty years

The product’s history, processes and definitely that of overall industries offer fascinating prospects on one point of evolving preferences of consumers, while on the other point a continued struggle by industries and firms to increase their share of the market. The higher the level of maturity of a firm, the more the need not to merely focus ahead but also at the same time to be more alert so as to keep the emerging players at bay. Firms fall short and at times the whole industries are not exceptional due to better and fresh technologies and disruptive innovation as well. various innovation processes have been put in place that have seen the company slowly regain its share of the market.

In order for Corticeira Amorim to remain strong in the market for the next forty years, it calls for committed and strong leadership, so that the company can sufficiently face the highly severe challenges. Also, a profound, multifaceted and sustained marketing campaign will also play a critical role in Corticeira Amorim fight back, this is not just aimed to the wine industries but to the final consumer of the product as well. As part of the strategy, it should include sensitizing the consumer on the value of cork as a natural and environment friendly good, this because it helps nature.

Another strategy would be to generate innovative and fresh uses of cork. This includes parts of leftovers that are not involved in manufacturing of cork stoppers. In addition to attempting to ward off the likely disruptions in the closure of a bottle, Corticeira Amorim should actively seek for fresh markets and also the alternative cork use. This will see the business expand to unprecedented levels within the next 40 years.

Conclusion

Corticeira Amorim has made tremendous strides toward mitigating the TCA contamination menace. In order for the company to remain in the market for the next forty years, future research should focus on some aspects which has been mentioned above. In addition, the company should seek partnership in order to generate not only new but also innovative products. It should seek partnerships in varied ventures such as the fashion industry, aeronautics and automobiles. This will enable the company sail through, expand and retain its market share for the next forty years.

Bibliography

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