Developing good business sense critical essay

Business

Developing Good Business Sense Jennifer Lapaix BUS/210 February 28, 2010 Joanna Gierak The most over looked functions in any successful company is the Operations and Materials Management, commonly referred to as OMM activities. Operations are the functions or services that convert the input to a company into finished products and services. Materials management is the process that resources into and out of the operating system. To develop a good business sense you must understand how operations and materials management differ in various types of companies.

The three companies I have chosen to examine are part of different industries, but Microsoft, In-N-Out Burger, and Dillard's all share the success of a good business sense. Microsoft's employees are selectively chosen and are programmed with prior advanced knowledge of software creation. They are expected to be pioneering and proficient with the software they create. Microsoft strives to bring user-friendly and efficient software to its customers and can only do so with employees who are team-oriented and motivated to challenge the competition (Microsoft, 2010).

Microsoft's operating system is complex but revolves around a simple idea of staying ahead of the curve in software production. The company maintains a high competitive edge over competition by supplying operating systems to almost all PC's. The company has also branched into game console sales and will soon open individual retail locations. The downside to monopolizing the software industry and driving out competition due to incompatibility with other providers is the amount of capital spent on lawsuits and government fines.

Microsoft's reputation in the computer world may be tarnished by overly competitive operating system (Microsoft, 2010). Microsoft's OMM costs include high salaries due to the very advanced and experienced nature of their employees. Employees are teamed and given specificgoalsto reach. With a challenging, but loosely controlled atmosphere, Microsoft gives its employees the room and materials to create groundbreaking software at a calm but rapid pace. Other, less expensive costs might include suppliers for equipment.

Because so much of our technological items are imported, Microsoft can instead place production costs into advertising and distribution. E-commerce has further lowered the cost of distribution for Microsoft, who can now sell full operating systems and software over the Internet without the need for packaging expenses (Microsoft, 2010). In-N-Out Burger, established in 1948, is a fast-foodhamburger and fries restaurant that specializes in personalized and extremely efficient service.

The businessphilosophyis simple: " Give customers the freshest, highest quality foods you can buy and provide them with friendly service in a sparkling cleanenvironment. " (In-N-Out History, 2010, para. 2) Employees of In-N-Out Burger can be trained from scratch, are energetic, customer service oriented, and expected to deliver high quality food. Employees are polite and friendly at all times and maintain a clean environment in the entire restaurant thus following in the founder's business philosophy.

The nature of In-N-Out Burger's operating system is one of quality, since its inception in 1948 the menu and recipes have not changed. While otherfast foodrestaurants use processed food or frozen food, In-N-Out Burger makes

everything the old fashioned way. Also, another signature key to all In-N-Out stores is windows all around showing employees cutting vegetables for the burgers and potatoes for the fries right in front of the customers.

In-N-Out's menu only consists of burgers and fries, nothing more because the quality is so fresh and good that customers come back time and time again keeping the stores packed all day long. In-N-Out Burger's OMM costs include mostly food and salary. Employees at In-N-Out burger, unlike other fast food chains, have a low churn rate and are paid above the industry average with full benefit packages. Employees are extremely team-oriented. As opposed to working in smaller groups, all employees on the clock are considered one team, relying on one another to eet In-N-out Burger's reputation for rapid service and correct, quality orders. By using this type of one-mind employee organization, the restaurant runs smoothly and more efficiently from all angles even when in a small, enclosed environment. The training systems used are vigorous and motivational with a substantial amount of time and attention given to newly hired individuals. Since all branches are franchised, advertising expenses are much lower and help a franchisee to build his or her branch without becoming overwhelmed (In-N-Out Burger, 2010).

Dillard's, one of the leading high-end retail chains in the nation, specializes in exemplary customer service and brand name clothing. Dillard's employees are extremely professional and sales-oriented. They are expected to dress cleanly and attractively to further the reputation of the company. Service at Dillard's is top of the line and employees must be knowledgeable in their area. They must have a friendly, but not overpowering demeanor (Dillard's,

2010). Dillard's functions with an operating system designed for high-end customer service and fashion.

Their success and reputation since 1938 has given them a competitive edge over newer high-end retail outlets. With a history of intelligently acquisitions, Dillard's has expanded its presence across the United States rapidly. Catalogue sales and credit card options have also furthered the company's competitive edge (Dillard's, 2010). The OMM costs of Dillard's are almost exclusively inventory costs and salaries. Though their clothing is marked up for consumers and can be purchased at low mass costs, such large quantities of clothing still amount for a good portion of spending.

Employees at Dillard's are given higher than average pay and extremely competitive benefits. Many of the employees are sales-driven with high commissions available to the best sales-people. The company prefers to hire individuals who have past retail or sales experience, and a flair for professional style. Similar to Microsoft, Dillard's has also benefited in lower distribution costs due to E-commerce (Dillard's, 2010). Employees are the backbone of these successful business and their operating systems are very dependant and focused on them.

Even though they are yet again similar, these companies have very different ways of organizing their employees to improve profit and reputation. Because of the dramatic difference in industries and services offered, these companies have varying operating and materials management (OMM) costs. Costs such as those mentioned above effect a company's overall profit. In order to deflate the OMM costs, companies like Microsoft, who are spending

large percentages of capital on salary and benefits, may look to lowering production and distribution costs.

Since software is easily downloaded from the Internet, Microsoft drives Internet sales to avoid packaging and delivery of their software. Other ways that Microsoft has cut down on employee expenses is outsourcing. Technical support is handled by cheap labor in other countries while software creators, who are highly paid and demanded, remain in the United States. Customer service may decline due to language barriers. The weight between savings and reputation must be carefully weighed in order to sustain a semblance of service with the customer base (Microsoft, 2010).

In-N-out Burger cuts costs by using distribution centers that are nearby and even sometimes in the same city. By not purchasing foods that too far away, In-N-out Burger is able to hold a standard of quality food for customers but also can keep food fresh longer, reducing the amount of spoiled surplus and dissatisfied customers (In-N-Out burger, 2010). Dillard's may cut OMM expenditures by under-ordering clothing. The high-end nature of the business means that sales can be slow and therefore clothing must be sold, once out of season, to other retailers at lower costs.

Although selling the clothes gets back a portion of the initial costs, selling at the mark-up price is more advantageous (Dillard's, 2010). References In-N-Out Burger. (2010). History. Retrieved March 1, 2010, from http://www. in-n-out. com/history. asp In-N-Out Burger. (2010). Employment Restaurant. Retrieved March 1, 2010, from http://www. in-n-out. com/employment_restaurant. asp Wikipedia. (2010). Microsoft Corporation. Retrieved March 1, 2010, from http://en. wikipedia. org/wiki/Microsoft

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