

Swot analysis of parle products



**ASSIGN
BUSTER**

The intent of the assignment is to analyse the operation process of manufacturing or service organisation, thriving to achieve the efficiency and productivity in the operations process, through various organisational and operational strategies carried out on a short term or a long term basis. The analysis of the report is based on the various key finding which determines the success of organisation and how company manages between the quality, cost, speed, dependability and flexibility of its products using the key competitive factors such as order winner and order qualifiers to sustain in the market. The process design used by the organisation is to improve competence and effective inventory management style with help of suppliers and distributors; analysing the problems faced by the organisation and solution for the same.

INTRODUCTION

Parle is one of India's largest biscuit, confectionery and snacks manufacturer it has been set-upped in vile Parle Mumbai in 1929. As a organized segment of the FMCG (Fast moving consumer goods) industry, FMCG products are generally replaced within a year and include a range of product provided to the consumer that may be Durable e. g. Food, soap, cosmetics, tooth cleaning products, shaving products and detergents and non-durable products such as glassware, bulbs, batteries, paper products, and plastic goods. Babaria, M. and Dharod, M. (2009) Parle Operation Management is to manage of resources and delivery system and the duties entitled to the operation manager control of the cost, monitoring the efficiency of the production and asset management, The viewpoint of Parle Company is to attract as much of youth and grown-ups through its product with the mission to provide happiness among children and adults not only in the metro cities but also tier 2 and tier 3 cities in the country. On a short- term basis the company objective is to create awareness about the products among the youth and on long-term duration is to be the market leader. Major competitors of Parle are the ITC sun-feast ltd, Britannia, Nestle & HUL (Hindustan unilever ltd). Parle provides a range of biscuits such as Parle-G, krackjack, Hide and seek, Milano etc. confectionery like melody, mango-bite, orange candy etc. and snacks like Jeff's, cheese ling etc. Parle are market leader and in their category and own 40% share of the biscuit market share and 15% share of the total confectionary market in India, Parle has transformed into a multimillion company over the years. Based on the product variation provided by Parle the customer are not bound by age they can be consumed by people of all age group even the adults or senior citizens. E.

g. Parle G is widely excepted product, the customers of Parle are not restricted to the local or regional tier1, 2 &3 markets but also on a global scale by implementing top down approach strategy in the organization. (parleproducts., 2012)

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TRANSFORMATION PROCESS

FEEDBACK

INPUT

TRANSFORMATION

PROCESS

RAW MATERIAL

Wheat flour, sugar, hydrogenate vegetable oil, salt, milk, added flavors

PRODUCTS

Biscuits, snacks & confectioneries

OUTPUT

Transformation process is activities involving no. Of input, this adds value and transforms into output for customer. (Openlearn. open 2003) Through the transformation process various raw material used at input at Parle, which goes through the transformation process and made into biscuits, snacks & confectioneries for the consumers.

SWOT ANALYSIS OF PARLE PRODUCTS

STRENGTH WEAKNESS

Low price Irregular supply

Distribution system Dependent on Parle-G brand**Wide range Delivery system****OPPORTUNITY THREATS****Export potential Competitors (Britannia, ITC)****Untapped Rural market Substitutions (toast)****Retain of loyal customers Bakery products****& Suppliers.**

The above analysis reflects strength of the company lies in its low price technique, wide range of products and distribution system of Parle, opportunities prevailing are the export potential, untapped rural market, due to increase in the purchasing power of the consumer retention of loyal customers, Threats faced by Parle are from the competitors, substitutes available in the market and the bakery products whereas the weakness posses are the irregular supply, dependency on the brand Parle-G and weak delivery system to penetrate in rural areas. Babaria, M. and Dharod, M. (2009)

STRATEGY

Strategy adopted by any organization is develop the capabilities required to reflects the needs of the customers and market, direct how to spend key resources like time and money and to cope up with the greater level of complexity different business units are maintained in the organizations.

Different types of strategy used at different levels in the organization.

1. Corporate level strategy is decided by the company where to invest the funds of the organization in order to meet the business demand of today's and the future. eg. E. g. increase in the volume of sales through sales staffing, increase in sales by increasing the number of factory floor.

2. Business unit strategy is implemented by different part of organization to achieve the desire objective in a specific market based on the present and the future market. E. g. – marketing, finance, sales and marketing and operations departments.

3. Functional strategy is to maintain the key resources using the strategic and the day-to-day task. E. g. Market requirement and function of operation manger in monitoring the line of production. Hill, A. and Hill, T. (2011)

The word strategy signifies direction and how one should implement it.

Strategies adopted by Parle are the business unit strategy where range of product is sold to identify group of customers in competitive market and functional strategy where decision of key resources such as the raw material required for the production is done on day to day basis by a operation manager to compete in the market, to expand in the market, to have an insight of the competitors. Hill, A. and Hill, T. (2011).

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CAUSE EFFECT Hill, A. and Hill, T. (2011)

Process

Producing mass product irrespective the taste

Diminish of market share of Parle

Competitors

Due rise in growing

Competition.

Fluctuating demand

Due to high competition the demand for parle product is not constant.

Innovation

Using same raw material over the

Years

PERFORMANCE OBJECTIVE

Performance Objectives are key measures to align the needs of the customer with the desired effectiveness of the overall business. Performance objectives are Quality, Speed, Dependability, Flexibility and Cost. Each of these dimensions adds its twist to the value proposition. Each dimension hypothetically appeals to different customers. Delivery each objective simultaneously at their highest levels of all these product attributes, operations managers need to organize objectives based on priority, also identify which are an order winners and qualifiers of the targeted critical customers, Operation management (2012).

Quality

Quality is fitness for consumption in terms of meeting customers' needs and desires. Quality can either be an order winner or order qualifier for customer based on the quality maintained. Quality conformance, which means to consistent delivering services based on design specification which, in turn, needs to reflect customer needs. Operation management (2012). To maintain good quality companies like Parle need to maintain and manage quality gaps. Hygiene is the precursor of every process in Parle. Every batch and confectionery is thoroughly checked by an expert staff by adopting Quality conformance level after every stage maintain similar quality throughout all nations neglecting quality control system.

Cost

Cost is one of the major contributions in business welfare since products that cost less but have good quality attract customers. Operation managers try to reduce costs and also maintain quality so the company profits. Operation management (2012). Parle as a company tends to maintain quality and keep a low purchase cost. Parle follows a policy of Kaizen, which means to produce more and more value with less wastage attaining better environment and developing stable process by standardization.

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Buthmann, A. (2010) describes that Quality cost is the Cost caused through producing of defects. Quality cost is most expensive concept used at Parle to cover the good and poor quality cost.

Buthmann, A. (2010) describes that External failure is the cost associated to the external deficit of the product received by the consumer at Parle external cost is to maintain the quality cost is spend on the complaints received from consumers through online feedback, losses occurred due to reduction in sales due market acquisition by the competitors and environmental cost.

Internal failure occurs before the product is delivered to the customers, not confirming to requirement of customers through the product leading to less satisfied customers, Internal quality Cost at Parle is due to shortage of raw material is due to smaller storage capacity limited to only 3 days. Buthmann, A. (2010).

Appraisal cost occur in-order to maintain quality in all stages, conformance to quality standard Through Quality storage condition, maintaining Hygiene and monitoring quality by expert staff adopted at Parle. Buthmann, A. (2010).

Prevention quality cost is to prevent poor quality of product is provided to consumer Buthmann, A. (2010). Parle spends in Quality improvement in staff inspection, Quality planning of new product and Quality improvement in team decision.

Dependability

Dependability is a degree of availability of the product when the customer needs or requires product. Operation management (2012). Parle is a multination company it deals with multiple nations it has a constant management of products regarding demand and supply. To cope with demand Parle produces 13 billion biscuits in a month.

Flexibility

Operations ability is to respond efficiently to changes in products, processes (including supply chain relationships), and competitive environments. Operation management (2012). Flexibility differs in companies but companies like Parle have a standardized approach and there is less change in the operations of the company.

Speed

It means by doing things faster to minimize the time between the order and the availability of the product to give a speed advantage to the wholesaler, retailer which ultimate the benefits to the customers. Slack, N. et al. (2004) Parle maintains their speed through their wholesalers who deliver their products to the retailers, which are finally received by the consumers. Parle maintain the speed by keeping a systematic approach to the system.

POLAR DIAGRAM

The polar radar chart depicts the priority of the performance objectives Slack, N. et al. (2004) in Parle. Parle as a company strives to produce the best material with minimum wastage. After quality Parle looks at customer benefit and cost management. By producing in bulk Parle maintain availability of products increasing dependability. Parle maintains standard procedure to increase operation speed.

COMPETITIVE FACTORS

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ORDER WINNER

Order winners The competitive characteristics possess by Parle are both time-specific and market-specific to Parle product are most economic since their products are starting at a price range of Rs2 – Rs 25, Product range of Parle are into 3 categories

Biscuits – having 18 varieties of biscuit in the Indian market making them the largest biscuit manufacturer in the country.

Sweets- Parle has 11 varieties of chocolate and candies in its product line-up.

Snacks- fairly new to the market Parle have only 4 varieties of snacks in the market.

Product design & quality is initiated by Parle product by making use of automated packaging facilities and all the Parle product are manufactured under hygienic condition and maintaining quality standard at each stage of biscuits and confectioneries are thoroughly checked by expert staff using modern equipment at Parle they follow the seven HACCP principles for total quality management. Great care is exercised in the selection and quality control of raw materials; packaging materials and rigid quality standards are ensured at every stage of the manufacturing process (parleproducts, 2012)

ORDER QUALIFIER

Certain characteristics indicates that certain qualifiers are same for the entire market Hill, A. and Hill, T. (2011), which was seen also seen in Parle competitors where delivery speed plays a crucial role in providing the product to its end consumers and packaging of the product is done to attract the customers.

LESS IMPORTANT FACTORS

There are certain factors at Parle, which does not affect the production of the product irrespective of the located weather it is in tier1, tier2 and tier3. Hill, A. and Hill, T. (2011), Parle factory situated in teir1 and Promotion activates of Parle is not considered the unique selling point since to create hype in the market its mandatory to use various promotional activities to create awareness among consumers.

ORDER WINNER ORDER QUALIFER

LESS IMPORTANT FACTORS

Order Winner is quality that helps companies win markets. In case of Parle policy is to strive to provide consistently nutritious and quality food products to meet customer's satisfaction by using quality material and by adopting appropriate processes. Therefore Quality is an order winner for Parle. While, also producing the finest quality for customers like to sell it at convenient or cheap prices that are affordable by all people. This makes Purchase Price an order winner for Parle also. Whereas the delivery system and packaging is similar as their competitor therefore it is an order qualifier. Hill, A. and Hill, T. (2011).

PEOCESS

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Most manufacturing organisations provides standard product in high volumes. The repeat, mass production and standardization of the product indicate a need of process design that would benefit these characteristics. Batch process seems to be feasible choice as it simplifies, automate and reduces manufacturing cost. Hill, A. and Hill, T. (2011).

The designing of batch process can be such that it can be used and reused for manufacturing of range of products, hence enabling companies to reduce cost by investing in equipment's. The downside to this process is that for manufacturing each product the process line has to be reset, it is costly and skilled officials can only make changes. Hill, A. and Hill, T. (2011). At Parle manufacturing is based on batch process to manufacture their products; as mass production is possible without hampering the quality standards of the product. Being cost effective is one of the major criteria at Parle as it uses the same line to manufacture more 33 varieties of products. Parle do not

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make specialized product, as their main target are the masses. Standard products are expensive and not in mass production by Parle. Mass products are cheap and manufactured in large quantities.

VOLUME

PRODUCT VARIETY VARI

Milano, Hide Seek, Bourbon.

STANDARD PRODUCTS

None

MASS PRODUCT

Parle-G, Krack-Jack, Milk Shakti.

SPECIAL PRODUCTS

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Hill, A. and Hill, T. (2011) argues that volume variety demonstrations relationship between the product categories and volume of the product to be produce at Parle which shows the manufacturing is based on standardize and mass production.

LINE OF FIT

The above graph depict the line of fit maintain by parle in order to survive in the market through the availability of the products in the range of the line of fit. Kaul, D. (2012)

MANUFACTURING FLOW CHART

RAW MATERIAL TESTING

MIXING

MOULDING

BAKING

COOLING

PACKAGING

The manufacturing process flow chart illustrates how the production process is carried at Parle, In the initial stage, Testing of raw materials is carried out, which is sent for moulding through the conveyor belt the unfinished product goes through oven for baking and then to cooling of the product and later for packaging through machines like box tapping and sealing machine and forward to dispatched section for the whole sellers to channelize to the retailer for the customers to buy.

PACKAGE AND PROCESS

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The physical resource used for Packaging of the finished goods at Parle is done through the help of box tapping and sealing machines while facilitating packaged goods and finished product. The activities required during the process is done in front office i. e. administration room coordinating with the back office i. e. the storeroom, dispatch section and production area in addition to the process Parle also provides flow of material, information to <https://assignbuster.com/swot-analysis-of-parle-products/>

the customers with the help of implicit service where visitors are allow to visit the factory by arranging a visit at the production section at the front office. Kaul, D. (2012)

LAYOUT

Hill, A. and Hill, T. (2011) argues that process or functional is an arrangement of process and function at a particular area.

The layout used at Parle is a process or functional layout reflecting that the layout is made in such a manner that similar operations are used in one areas where large batched of goods are produced. Hill, A. and Hill, T. (2011). This type of layout is suitable for Parle where large batches of production is done with help of various functions where layout reflects the stages involved in the making of the Parle products that is the product making is started with the testing of the raw material then moulding and mixing machine goes to oven and then for cooling before going to the packaging and then finally as a finished product.

Functional layout advantages

1. Wide range of products – Parle as brand itself produces around 33 different varieties of products for consumption at its Parle factory at vile-Parle.
2. Lower capital cost -The infrastructure at Parle used for the production i. e. the autonomous machine helps in reduce the capital cost incurred in making of the product.

3. Utilization of processes – since all the resource used in the making of the Parle product are group in the factory itself helps in proper utilization of all resources e. g. Equipment's and skilled staff. Hill, A. and Hill, T. (2011)

Functional layout disadvantages

1. In-process inventories at Parle are the cost of the direct material, direct labour, and factory overhead placed into the products on the factory floor.

2. Material handling can be costly and inefficient – handling of inventories at Parle are costlier since storeroom are made to accommodate these inventories in proper conditions, which add to the cost and are inefficient when the sales revenue is not up to projected mark. Hill, A. and Hill, T. (2011)

The production process followed at Parle is Repeat (standard) Product where the making of product is done a repetitive basis designed for functional layout where high volume of production is done using batch and mass production.

INVENTORY

Inventory comprises of the input which is part of the unfinished goods goes through various operational process stages know as work in progress for a desired output in the form of finished products to sold to the customers. Hill, A. and Hill, T. (2011)

The inventory type adopted by Parle is the process inventory where the raw material for 3 days is store in the warehouse from where they are sends for testing the raw material weather it is meeting required standards for the production. After testing raw materials are sent for production. Where the raw material goes through various stages of baking and cooling and shifted to the dispatched room where they are stored and delivered to their distributors and the end customers. The raw material used in the product can be stored roughly for 3 days because the plant is designed in such a way that the raw material cannot be stored more than 3 days.

INVENTORY FLOW CHART

STORE ROOM

WORK IN

PROGRESS

SUPPLIER

DISPATCHED SECTION

CUSTOMERS

The inventory flow chart depicts the form of inventory present throughout the three-process stages i. e. input, operation process and output at Parle. The inventory such as raw material like wheat flour, sugar, hydrogenate vegetable oil, salt, milk and added flavours are stored in the store room from where they used in the process stages for the manufacturing of biscuits, sent to the dispatched section where the packaging takes place and distributed to the wholesaler and then to retailers for the end consumers. Due to limited duration of the storage capacity there are certain issues that have to be dealt such as to meet the global requirement and the diminishing demand for the products from local markets.

SUPPLY CHAIN

Before maintaining the supply chain has to decide whether to make the raw material or buy the material. Every manufacturing unit has different benefits if they make in-house / outsource. Advantages for making in house are that company has more control over the material it is more flexible and last minute adjustments are possible. The advantages of outsourcing are that cost is easier to manage and increases focus on final product. In case of Parle, raw material is outsourced and the final product is made in house. This is depicted through their supply chain.

Supply Chain comprises all the steps required to supply a service or product to a customer. Hill, A. and Hill, T. (2011). Parle has many products, which have multiple raw material requirements. Multiple suppliers of provide these materials as their tier 1 supplier.

Tier 1 supplier such as Godrej, Gurgaon Sugar Mill, Kopoli Flour mill, Wallace Flour Mill and Ahmed Bhai Sugar Mill.

Tier 1

Tier 1

Godrej sugar mills

Tier 2

Tier 3

Retailor

Wholesaler

Final Customer

Kopoli flourmill

INTERNAL

OPERATIONS

Retailor

Wallace Flour mill

Wholesaler

Ahmedbhai sugar mill

WHOLESALE, Retailor

CUSTOMER

INTERNAL SUPPLY CHAIN – PROCESS

SUPPLIER

Delay in Inventory

The above figure reflects how inventory at parle are buffered and maintained at each stage through the gap in the supply chain. But with proper co-ordination with the activities in the supply chain helps parle to build a products design, customer management and final delivery of the product to be consumed. Hill, A. and Hill, T. (2011)

Conclusion

The report covers Distinctive features of Parle operation process through operation analysis of the organisation by taking an overview on the potency of distribution system and lower price advantage of Parle over its competitors, tremendous measures are taken to maintain quality and at the same time be cost effective, which can be reflected from their quality control methods and the way factory is designed to carry out operations and buffer their inventory through various stages of the operations and maintaining integrated supply chain management with the coordination of their suppliers parle develop a products design, customer management and final delivery of the product to be consumed, with the help of analysis carried out on parle we were able to identify the operational problems and provided with appropriate recommendation, which has assisted our group to know the functioning of an operation management and how the operational surrounding play a vital role in manufacturing of a product or service delivered to a customer, which was the motive of our assignment. Hill, A. and Hill, T. (2011)

RECOMMENDATION

TYPE OF PROBLEM

RECOMMENDATION

A)

STRATEGY & MARKET

SOLUTION

Fluctuating in the demand.

Rise in competition, Lack of innovative ideas (Same Use of raw material.)

Diminish market share of parle.

Parle should invest in capacity or inventory for fluctuating demand.

Parle can improvement by using passive or proactive approach for better innovation and sustenance against rise in competitions.

Parle should Constantly compare their order-losing sensitive qualifiers with their competitors, since a slight change in the environment can cause them to start losing market share.

B)

PROCESS & PERFORMANCE

SOLUTION

Lack of flexibility

Costlier to maintain the equipment's

Reset of process line.

Operation volumes.

Quality conformance level after every stage.

There should be constant change in operation for better improvements.

Equipment's, which are not essential should be should out or should be leased rather buying the equipment's.

Different operation should be maintained line for different range of product instead of reset after the end of the every process.

Reduction in depletion and the changeover and set-up times for manufacturing process.

To maintain the operation volume labour and material should be properly utilised.

Parle should build control system rather than conformance at each stage

C)

INVENTORY

SOLUTION

Cost of in-process inventory

Handling of inventory

Storage capacity

Holding of inventory

To reduce cost of the inventory Casual analysis should be done and inventory should be group into corporate, decoupling, cycle, pipeline and buffer for better handling and increase in the storage capacity to hold the inventory.

D)

SUPPLY

SOLUTION

Fluctuation cost of raw material E. g. – sugar.

Maintaining loyal suppliers due rise in demand.

Slow technological up gradation compared to competitors.

Parle should adopt the release cash method where they should delay the payment to suppliers leading to improvisation in operation.

Build better relationship for constant supply of raw material, which will help to maintain loyal suppliers.

To avoid cost on up-gradation of the technology it should be outsourced.

Hill, A. and Hill, T. (2011)