

Burt's bees essay



**ASSIGN
BUSTER**

Burt's Bees was established and designed to produce natural care products. Under the management of John Replogle as the CEO from the year 2006, the company has achieved success. The company was founded by the famous Roxanne Quimby in the early years. The company is highly supportive of the environmental responsibility thus the production department is cautious regarding raw materials and packaging. In their advertisements, the bearded half shaded face of Burt is used as the symbol. The respect for Mother Nature that the company has determines the use of raw materials and packaging materials. Recycling utilizes the need for maintaining the natural state. A well recorded and marked detail of the ingredients of natural cause is shown. At the beginning, Burt's Bee as the name presents manufactured bee based wax balms, polish for furniture and other creams that are used in moisturizing. In New York there was a gift show held in the year 1989. The CEO attended the show and realized the demand that the products manufactured by his company elicited. The crowd that stopped around the stall confirmed the previous projections.

From the times of the gift show, the sales of the company skyrocketed to more than three million dollars. The showroom that opened in 1995 became a failure to the company. Although the opened show room failure negatively affected the company, the sales still increased to around forty million dollars. So as to expand, the company partnered with AEA New York by selling a part of shares to them. This happened in the year 2003. After two years, the sale of shares to AEA yielded positive results. The company grew further by the recruitment of experienced and qualified staff. The growth recorded was fast and prepared to satisfy the increase in products sold. By then, the new CFO

realized the lack of defined infrastructure supporting the manufacturing through the controlling of the policies and laid down procedures. The prices of the products have a higher profit margin. The wholesale price of their products range from \$4 and reaches \$9 at retail pricing. The competitiveness of their products in the market gives the company the legitimate reason to expand. The main problem of the company is that it wants to manufacture en masse.

Burt's Bees Working Environment Analysis

The working environment defines the relationship between the social, global, economic, technological and political factors. Their relationship with the company defines the success of the core objectives of the company.

Controlling and influencing these factors determine the success achieved. These factors can either be internal or external depending on their sources. For Burt's Bees, the environmental factors have been taken care of by the factors that they input in. One of the core objectives of the organization is related to maintaining the natural state of the environment.

The factor of globalization has made the company analyze on the quality and use of the products that they manufacture. This has taken effect as a result of product definition and complexity of the markets. Economic factors show the relationship between demand of the products and their supply level. The customer's tastes and preferences should be considered while entering a new market or expanding the existing markets.

The expansion of the market has increased the demand for the products manufactured by Burt's Bees. The competitive nature of the product

determines its performance in the market. The use of natural ingredients has won the hearts of most of the customers that have been using skin care products. The needs of the customer have exceeded the capacity of the company. The production line meets the expected minimum production, but the distribution and supply capabilities are not met yet. The expansion of the products combined with retail clientele has grown overtaking the capability of the company. For continuous customer satisfaction, Burt's Bees has to look and evaluate the necessary changes to employ in order to improve the supply chain.

The company decides between different options to increase customer satisfaction through the products and at the same time maintaining the competitive nature of the products. One of the options that the company has on its disposal is the outsourcing of the storage services. The option lay to the point that the moving from the 2PL operations to 3PL is challenging. The costs, timeline and the risks associated with outsourcing can be detrimental to profits received by the company.

The storage and distribution problem covers the critical point of utility for a customer. The time utility in achievement of the value of a dollar will influence the purchasing behaviors of customers. Without on time delivery of goods and services to the customers, they turn to options that fit their needs. Therefore, for Burt's Bees to be on the safe side, the issue of time utility should be taken into consideration.

Growth in the customer base determines the extreme in which the company can operate. Through the implementation of the outcome of the consultative

study by Tompkins Associate, the problems are solved. The solution to the problem faced by the Burt's Bee come with leasing or purchase of warehousing facility to cater for the increased demand of goods. The distribution channel of the company cannot be able to handle the traffic of goods as they are demanded by the customers.

Solutions

The need for large storage facility determines the capability of the company to satisfy the customers' needs. The development of distribution channel from the 2PL to a more advanced system of 3PL requires the involvement of all the parties from the dispatch to the receiving end. Gradual absorption of the available opportunities would lead to full satisfaction of customer needs. Distribution centers should be well managed by experts to ensure optimum utilization of the resources available. The intermediaries need to be introduced to cover the vacuum left out to be filled by the company. Although the profit margins are reduced, the costs of distribution will also be reduced covering for reduced profits.

The introduction of the easy version of the system proposed by the Tomkins Associates would be of immense importance to the management and the company at large. It provides full support for all activities involving the warehouse activities. The idea behind the system compare with the commercial base that the system entails. The controls and management use of the system will ensure that all hitches involved in distribution are solved with time. It provides internal solutions and a fast means of solving incoming problems in the warehouses.

By procuring a reliable conveyor system, the speed of dispatching is increased. A motor roller controlled by sensors will be used in the warehouses. This will create efficiency and reduce the number of employees to counter increased speed of dispatching the goods or products.

The development of a better distribution channel will need more capital for starting up. This ensures that the environment of doing business is supportive for effective and optimum productivity. The speed at which the system is implemented will influence the way the customers will react to the new changes in the market. A fast reaction will assure customers of the reliability of Burt's Bees in satisfying their needs.

The market of health, body and skin care products is highly volatile. The consumers of these products are well informed of the consequences of missing the products. They are also well informed about the changes that have taken place in the products market. Therefore, a quick reaction should be the option to be taken by Burt's Bees for guaranteed future gains.

Alternatives

The company can go ahead and adopt the buying or leasing of the warehouses. The option is viable to the extent of availability of capital to fund projects. The other options available for Burt's Bees include the introduction of an intermediary. The intermediary will be responsible in the implementation of distribution functions. Use of the intermediary will reduce profits and increase the efficiency of the system. The profit margin of the company will reduce significantly as it will be channeled to the intermediary. This will be like outsourcing for distribution services. In the event of poor

distribution, the intermediary will be responsible for the losses. The risks of the exposure of the company will be reduced greatly. Burt's Bees will specialize in the areas that they are efficient at. These areas are the production of products that come 100% from natural ingredients.

The issue of specialization is one of the growing points of strength strategy for the competing companies in the global market. The source company relies on their strength of production. The other parts of the process are taken by experts and effective players.

Recommendations

One of the recommendations is to have a policy of continuous upgrade of technologically advanced distribution and supply methods.

Use of intermediaries should be researched extensively to ensure the best outsourcing company is selected to undertake the function.

The pricing system should be evaluated to fit in the gradual changing market functionalities.

The approach on expertise and experience should be addressed to create an avenue for growth for the line and professional employees.

The growth of the company should be evaluated to ensure a sustained growth.