

Introduction of kraft food company marketing essay



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Introduction of Kraft Food Company, with its development history and the company scale. Giving key Success factors of Kraft Food and showing important functions that significantly affect the company operation system: Supply Chain Management, Inventory Control, and Lean Manufacturing.

Kraft Food Supply Chain System is one of the biggest and most sophisticated systems, the scale of company with multiple brands combined requiring Kraft Food to develop their supply chain system in the modest way. Nowadays, Kraft Food is aiming for building up the relationship and also develops a better communicating system with their clients and customer (Customer Service Level), supply chain new System based on the quality of customer service, Cost (cost of serve) and the future planning and current company status analysis, (Logistic Cost Budgeting), which further on finding more and more opportunity in looking for better clients which provide better quality and lower the cost of supply chain.

Inventory Control: To control Kraft's inventory efficiently, they had applied 2 projects MOST and Yard Management System. MOST is Management of Organized Sustainable Trucks – the project that optimizes the routes in order to minimize empty miles. Yard Management System is the project that helps Kraft in monitoring their yard truck also trailer accurate, quicker and easier. By applying high technology Kraft also reduces cost of operation and make opportunities to build customer relationships by delivering value in new ways

Lean Manufacturing is an effective tool to reduce wastes and shorten the time of production and it creates many values for Kraft Foods. So in January 2008, Kraft applied “lean is not lean”, a project for new product, to solve

current difficulties and create value for company and it was successful and looked good for their profit and loss statement and balance sheet. Beside that, Kraft recognized JIT method is very useful for manufacturing company, so they decided to implement this method base on the ECR system – this system belonged to supply-chain management system. This system was very convenient for both customers and Kraft because customers can be easy to order and purchase products and Kraft can be easier to arrange the manufacturing schedule to produce and deliver their products on time.

Quality control is very important for every company to develop and get their reputation, so Kraft Foods used InfinityQS ProFicient 4 to control the quality of every issues they produce. In addition, Kraft also applied ITIL in production to achieve ISO certification, especially ISO 20000

-Conclusion of the whole operating system of Kraft Food the overall summary of the effectiveness of Kraft Food functions: supply chain, inventory control and Lean Manufacturing

Introduction of Kraft Foods

Kraft Foods is one of the biggest food and beverage manufacturers in the world, which originally located in the US. The brand had a long history of development for over 200 years , through out those time , Kraft Food had developed to be the multination brand , which greatly contributed for the world food and beverage market .

Kraft Food brand covered a list of mighty companies like: Kraft, Nabisco, Oscar Mayer, Post, Maxwell house and Philadelphia. All of those companies have its own reputation worldwide about food manufacturing majoring in <https://assignbuster.com/introduction-of-kraft-food-company-marketing-essay/>

producing Snack, beverage, cheese groceries and convenient meals. Good service and quality product for customers as well as clients around the world give them the competitive advantage in the world market.

Kraft Food Grown to be the mightiest international food manufacturing company with about 220 manufacturing departments locate in over 140 countries.

And the reason for all that succession, Kraft Food concentrated a lot in its management system, relationship and collaboration with its customer and clients, Kraft Food also develop an analyzing department system and implementation of new technologies, which help define any difference aspect of the whole company from cost, financial situation, to accidents occur during the operating process and give them fast decision making ability. These further on become the competitive advantage with its worldwide competitors.

In this Section of accessing Kraft Food operating system, we mainly concentrating on the continuous research of its Supply Chain System, Inventory Control and Lean Manufacturing, which we believe are some of many important function of Kraft Food and also key success factor of the company.[1]

About Kraft Food Supply chain:

Kraft Food with a giant list of big brand was built up by the world class product innovation and professional marketing style.

In order to remain at the leader position in this field, Products of Kraft food and its supplier must be able to reach their destination faster, and more effective. Therefore the concentrations in planning, controlling and supply chain management processes are defined as the main key for success in Kraft food.

Kraft Food Solution For the effectiveness of supply chain:

As the beginning of all supply management, For Kraft Food has to handle many requests from their Clients like: Level of service, logistic and administrative costs, collaboration in communicating new product and technologies. To handle all this request from clients, Kraft Food start their main Supply chain department in 2000. This department mainly responsible for Goods delivery process and have the goal of:

- Client should receive the exact goods that they ordered.
- Must be in the best quality and condition in ordering form
- On Time
- Lowest cost as possible.

As following request and goal of Kraft Food and their supplying Clients, Supply chain Department Set up a new project that analyzing the aspect of Supply chain management which including:

Customer Service Level;

Cost To Serve;

Logistics Costs Budgeting

Customer Service Level:

This module gives the Supply Department and order Client a control system that allow them to monitor the customer service level. This system will provide information for supply chain department, Finance, Marketing and Sale department, as well as supplier and Clients.

In order to effectively evaluate the supply and delivery process, the analysis based on: packages, orders, delivery note and invoices.

With this information, the Supply Chain department can able to evaluate the service level, give right and effective decision for supply chain process. With all information monitored for relevant departments, we can actually locate and avoiding failure inside the supply chain system, which will improve the relationship between Kraft Food and its customers, clients.

Cost to Serve:

Kraft food Data's analysis are always base on the smallest information of the company system , where they can easily base on it and define any change in the system from the simplest to the bigger issue , and prepare to deal with them effectively from day to day .

Cost to serve mainly aim for controlling the cost of serving any client of Kraft Food , which will help Supply Chain department to identifying the problem occurring in the supply operating system , as well as a base to develop any financial opportunity with others clients .

The Cost to serve module based on the structure of Kraft Food Supply Chain system which have significant effect on the cost. Those factors include:

Factories and warehouse location, and more importantly are the request of their client in size of package, structure and order frequency.

Data – available for any client – can be analyzed based on this axis:

Delivery Point

Product

Store of supply & confirmation

% of track use (cargo)

Order size (according to a given scale)

Order structure (complete pallet or picking)

15 different types of costs are analyzed, supporting the following processes:

Direct Delivery from factory;

Primary transport (from the factory to the warehouse);

Stocking;

Distribution;

Penalties and agreements.[2]

Logistics Cost Budgeting

In order to forecast the estimation of budget needed within a period of time, Kraft Food develops the Logistics Cost Budgeting system, where it provides supporting business model about distribution costs and Supply chain system.

To able to give out those estimation and model, Kraft Food has to compare given data from last period to the actual cost to able to give out the best estimation for future purpose, on Supply Chain cost , as well as the requirement for the development of Kraft Food Supply chain system .

Inventory control:

With global organizational structure, Kraft Foods faced with many challenges in control their inventory. To do it well, Kraft foods applied the supply chain soon to operate with new technology and co-operation under control of supply chain solutions.

Inventories and freight problems:

In 2005, the market environment was rapidly pushing transportation cost higher. Kraft Foods needed to make a dramatic change in the way it managed freight. They found out 2 major projects that help them in managing efficient: MOST and Yard management system.

MOST: is an acronym for Management of Organized Sustainable Trucks. The inspiration for this initiative came from Kraft's private fleet operations, where the company had realized benefits by managing around ' static' routes. By using optimization technology to minimize empty miles. This solution helps Kraft in managing their large scale network shipment by analyzing data to

find the most efficient route for all truck and ensure daily execution and payment activities. The project get the significant benefit for Kraft: enabled Kraft to cut 500, 000 miles in 2007, resulting in significant dollar savings and a reduction in Kraft's supply-chain carbon footprint. Moreover, the program created new areas of collaboration and improved services between Kraft and its supply chain partners.

Yard Management System: Improved visibility and efficiency at trailer yards associated with Kraft's multiple distribution centers. In particular, the project team wanted to provide real-time visibility of yard operations to the Transportation Operations Center and to find a more efficient way to spot and track trailers on their premises. Finally, PINC Solutions' yard management product, Yard Hound, was chosen. This company can provide complete/turnkey solutions which included a real-time locating system (RTLS). Yard Hound's use of passive RFID technology, which save more power also money than placing battery-powered RFID, to locate trailers. The passive tags were indentified " GPS-enabled RFID readers" which was equipped in yard trucks. With this system, company can monitor their yard truck also trailer accurate, quicker and easier.

Yard Hound helped Kraft to reduce driver/search time and distances and elimination man-hours of manual yard checks per day. It also reduced demurrage and detention charges, elimination of overflow lots, yard trucks and drivers.

Yard Hound also has provided benefits to Kraft's carriers; in return, Kraft expects to benefit from overall better rates. Additionally, both Kraft and its carriers spend less time dealing with phone calls and faxes.

In addition to internal productivity improvements, Kraft sees opportunities to build customer relationships by delivering value in new ways. New capabilities acquired through MOST, for example, has opened opportunities for Kraft to collaborate with customers to better optimize their joint transportation networks.

This project started in Stockton, Calif. first and quickly be applied to many campus of Kraft.[3]

Lean manufacturing

-Manufacturing has an important part to meeting the demand of Kraft's customers and consumers, so, Kraft decided to apply lean manufacturing. Lean manufacturing is also called lean production which is a tools and methods system to eliminate all the wastes during the production process. The main use of this system is reducing the production cost, increase productivity, and decline the time of production.

-Thus, in 2008, Kraft Foods implemented the project, name "Lean is not lean", in order to make new product. In that time Kraft had many difficulties, lack of employees, and the current employees were not enough experience and knowledge. Therefore, Kraft applied lean manufacturing, beside that, they trained their employees, hired new people, and invested significant sums for training. Kraft Foods believed they were right because lean

manufacturing is about creating value, mean if you are create value for <https://assignbuster.com/introduction-of-kraft-food-company-marketing-essay/>

customers, it will create value for shareholders and then create value for employees and community. As a result, Kraft was successful with this project and received a value by reducing cycle, decrease inventory, improve equipment uptime and develop new processing technologies.[4]

“ Just in Time” method is a Japanese manufacturing management method that was developed in the 1970’s. It was first adopted by Toyota manufacturing plants by Taiichi Ohno which is called “ Kanban”. The main concern at that time was to meet consumer demands along with providing good quality. Just-In-Time method becomes more and more popular nowadays, which is applied by many companies all over the world and Kraft Foods is also not an exception. For example, Kraft Foods applied the Enterprise Customer Response (ECR), this was a supply-chain management system but it support for JIT production. This IT tool included information about products, consumer preferences, promotion, sell-through, shipments, locations, inventory, and accounts-available to account managers in Web format-lets. This system will update new information if it is needed. So it was easier for customer to order and buy goods, and it also easier for Kraft Foods to update the orders to produce and deliver products on time. Thus, it was very easy for Kraft to arrange the manufacturing and production scheduling, said CIO James Kinney.

Quality control of Kraft Foods

Quality control is one of the most important parts in operation management, which need for any companies to get the reputation in the market and the truth of customer. In order to be more and more successful in the food

industry, Kraft Foods applied the InfinityQS ProFicient 4 of InfinityQS International for the global rollout of

- + Statistical Process Control
- + Hazard Analysis
- + Critical Control Points (HACCP)
- + Net Contents Control capabilities in its manufacturing facilities

The first part of this process focused on North America with the implementation of the software in 11 sites by the end of 2009.

ProFicient 4 allowed Kraft Foods to:

- + Combine quality data across these sites
- + Provide precise analysis of specification trends coming off production lines and the ability to control process drift

The plant-wide quality system allows Kraft to monitor real-time shop floor capabilities and make timely decisions that prevent potential quality issues, ultimately bringing significant savings to the company.[5]

Depending on many attempts for quality control system, Kraft Foods achieved a lot of ISO certifications. First of all, Kraft Foods evaluated ISO 22000 as global standard for ensuring food safety[6]. After achieving ISO 22000, Kraft attempted to work harder to make quality products that delight its consumers and they also put in place strong food safety and quality

systems for ingredients and products. Then in 2009, Kraft foods corporate with EDS to become the first IT provider working in the consumer packaged goods industry to achieve the internationally recognized ISO/IEC 20000 certification. Working with EDS, Kraft Foods was uniquely positioned to rely on clearly documented, high-quality IT services and processes that supports its targets of growth, innovation and cost reduction. According to Mr. Lee Coulter- senior vice president of Shared Services at Kraft Foods, “ Kraft Foods understood the value of ITIL and ISO/IEC 20000 when it began the implementation of ITIL in 2005. The company worked to create a set of requirements and projects that supported the continued implementation for high quality IT services”[7]

In addition, Kraft Foods also implemented its global environmental management system and not long after starting this process, the company achieved ISO 14001 certification for several of its facilities around the world. By this process, Kraft Foods can both take care of the environment and take care of its business. Thus, it helped Kraft positioning the status in consumer and market generally.

With global organizational structure, Kraft Foods faced with many challenges in control their inventory. To do it well, Kraft foods applied the supply chain soon to operate with new technology and co-operation under control of supply chain solutions.

Conclusion

Overall, we can see that every major functions of Kraft Food operation system have their significant roles that directly affect the company, like

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functions that we mentioned above: Supply Chain System, Inventory control and Lean Manufacturing.

Kraft Food is a giant company and by constantly improving, implementing new technologies to support those significant functions are essential.

Through those functions, Kraft Food management system can able to follow up any changes along the operation process. By spotting those changes from the smallest to the more scaled problem, they can make fast and effective decision.

In the end , by evaluating significant function of Kraft Food Operation system , we can see clearly that they have a very strong base of management which including many essential department and analysis center , that day by day contributing to the growth of the company. And the operation system of Kraft Food also give us a lesson about the concentration in the relationship with customer and clients as well as simultaneously controlling the base system of the company and run it in the best shape , so we will gain the advantage in solving many problem occurring in the future process.

Suggestions

Supply Chain: Kraft Food is facing with global supply chain challenge.

The main problem for supply chain department of Kraft Food now is that , the company scale is getting too fast on expanding to other region of the world , and problems of inventory and complexity of supply chain are now the main article for Kraft Food discussion .

Kraft Food had a massive connection around the world with their list of brands, as they continuously expanding , the supply chain connection will also get bigger , more and more destination and clients around the world , and the introduction of new products is also making the system more complex for supply chain department .

It is also very hard for monitoring data information and actively put them in analyzing process of Supply Chain departments, , therefore they will be easily facing with the problem of distribution and accident occurs in distanced regions around the world, and can fatally lead to bad problem that directly affect the company financial system

Personal suggestion: As facing this problem can be a future confusion for Kraft Food, they can now base on some fact that might improve the situation in the future as my personal suggestion.

-Supply Chain Departments: With essential functions of purchasing process, make-or-buy analysis, Kraft food can operate more Supply Chain Department around the world, not only in South America. By this way, data and information about supply chain will be divided for several regions around the world, which help reducing the amount of data analysis process in main base of Kraft Food department. In the end, that information will be easily monitored from that remote department to the head quarter of Kraft Food.

- Requirement on remote supply chain departments: Those remote departments will be base upon the ethical and professional operation style, which will be essential in provide trusted analyzed data to the Kraft Food head quarter.

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- Overall Benefits:

+Reducing the complexity of global network Supply Chain information.

+Faster in communication of Kraft Food around the world, as well as give the advantage easier in introducing new products.

+Reducing Accidents and Disturbing situation that affect the supply chain process.

+ Create a professional multicultural work force that meet the requirement of world region expansion, greatly benefit Kraft Food Company.

Inventory Control: Dependant on third party company (Yard Hound Company)

The main problem Kraft Food is using one of most advanced technology in order to keep their truck running in the right routs, which effectively reducing the inventory cost, and accuracy in delivering product in long distanced, But the problem they are facing is the dependant on the third party company, which is Yard Hound, the one Kraft Food chose to responsible for their routing technologies (RFID GPS)

Depending on this company means Kraft Food will have to cost a lot in keeping this system running over time. And the information system of Kraft Food of Kraft Food in this section of system won't be secured.

Personal Suggestion for this situation is develop a private inventory control department that mainly aims for the development of technology, not only in GPS section but also benefit other sections.

Requirement for Inventory control department: this department will aim for researching useful technology that directly contributes to Kraft Food functions, from Supply Chain to Inventory Control.

Overall Benefits:

- +Reducing the cost of depending on third party company
- +Privately control and making decision within the company operation management.
- +Greatly contribute to the company competitive advantage
- +Actively on develop business strategy base on researched intelligent.