

4.0 The Existing System

This chapter details the organization, its current systems and projects that would be included in the scope of the project, and discussion of identified problems and sample scenarios. The projects that would be included at the minimum are that of, new store opening, new product launching, promotion launching, software development, onboarding, and offboarding. The identified problems are categorized into two, method and machine.

4.1 Organizational Profile

Taters Enterprises, Inc. (TEI) falls under the Food and Beverage Industry by being the franchisor and founder of Taters Snack League Fast Food Chain and, along with its sister company, Chimara Neo-Vegan Café. The company started in 1994 when the first Taters Snack League branch opened in Greenbelt, Makati. The following year (1995), they expanded to Visayas, particularly in Robinsons Bacolod and Ayala Center Cebu. In 2011, they have successfully spread throughout the whole Philippines by opening branches in Mindanao, specifically in Davao, Digos, Tagum, and Cagayan De Oro. TEI has been operational for moreover twenty-three (23) years and currently have forty-one (41) branches all over the Philippines, thirty-nine (39) of which are of Taters Snack League branches and the remaining two (2) are of Chimara Neo-Vegan Café. The company has garnered a number of rewards and recognitions throughout their existence in the industry, one of them being the Philippine Quality Challenge in 2014. They are fueled by their Vision and Mission which states that:

Vision

TEI's goal is to establish a distinguished market presence as the leading franchise fast-food chain in key entertainment and leisure centers of Asia.

Mission

The organization may achieve its vision by also undertaking the following:

- To continuously develop the finest quality food products and provide superior services that exceed consumer satisfaction,
- To cultivate a dynamic, quality oriented, customer-driven business culture that will support and foster professional growth, develop teamwork, instill positive values, improve skills and efficiency and inspire creativity,

- To generate profitability and equitable return to our investors, partners and franchises, and
- To share company resources in the development and advancement of educational and social projects that will improve the well-being of our country community, our employees, their children and less-fortunate, deserving youth of our society.

When Taters Snack League first opened, they only focused on three (3) products: popcorn, fries, and peanuts. Since then, they have widened their food choices and are now offering a variety of snacks such as, popcorn, nachos, burgers, hot dogs, fries and onion rings, fresh potato chips, chicken fingers, dips/flavorings/toppings, drinks, and many more. Aside from the products they offer, they also provide catering services. Their main target market are moviegoers since they are almost always strategically located near the cinema area or within the cinema floor. They are constantly competing with other well-known cinema snacks franchisors offering identical products such as Robinsons MovieWorld and Ayala Snack Bar. Some indirect competition comes from Potato Corner, N.Y.F.D. (New York Fries & Dips), Muscle Beach, and even McDonald's.

TEI has recently elevated their organizational chart from a lateral structure. They have seven (7) departments classified under three (3) groups which directly report to the Company President. The three (3) groups are the Finance Group which only composes of the entire Finance department, Support Services Group which has the Facilities Administration, Human Resources and Office Admin, and Management Information System, lastly the Business Operations Group which has Store Operations, Procurement, and Marketing and Business Development (*Refer to Appendix F for the Organizational Chart*).

4.2 Description of the System

TEI has a general procedure for managing projects. They are divided into two, the new store opening project which is composed of all seven departments, and departmental projects which involve only the concerning departments. Some of the departments do not solely own a project, but they may have some kind of participation in others. The projects that would be used as a reference to determine their nature in the organization are new store opening, new product launch, promotion launch, system development, employee onboarding, and employee offboarding. These projects are those commonly performed by the organization.

Currently, TEI does not have any existing system to provide aid in managing their projects. This coincides with their lack of monitoring employee performance in terms of how many projects they work on. The rough estimate of projects that an employee works in a given time are around three (3) to four (4) however there is no substantial evidence to prove this as per the interview conducted with TEI (*Refer to Appendix I for Interview Transcripts*). This also goes for their monitoring of the average number of tasks an employee handles per project. What they do have right now are systems focused mainly on finances. They use SAP for the financial functions of the business such as sales records from the stores. They also use Integra Payroll Master for the payroll of employees for both the head office and stores. For their point of sales systems in stores, they use WebPOS for their PoS systems as well as consolidate sales records from stores.

Project Management

TEI projects generally have two types of actors which are all within the organization, the project owner and the project team. The project owner is responsible for overseeing the entire project and to initiate meetings to disseminate the project tasks. The project team may be solely within one department or throughout the whole organization.

The process starts when a project is initiated by the project owner, which is followed by a meeting with concerned departments. In this meeting, all project tasks are identified along with the corresponding department/s responsible for it. The department/s with an assigned task will then breakdown the tasks and distribute them to their sub departments until they are assigned to a specific employee. Ideally, the output of the meeting is a Gantt chart of activities, but this is only strictly followed in a new store opening project. If a Gantt chart is present, it is passed around to the team members manually, file-per-file, and only when requested. The Gantt Chart is then only used as a reference for the series of activities to be accomplished before the target deadline. There are also times wherein the responsible department only begins to create a Gantt chart when requested by top management.

In reality, the team members do not regularly communicate with other members and departments involved in the project after being assigned tasks. Each member and department fulfill their tasks as if they were working on the project alone, without seeing the need to consult those responsible for the prerequisite

tasks and to inform those responsible for the post-requisite tasks. The consulting and informing actions only get triggered when there is an evident delay in the project that may affect the timeline and the target deadline. If the delay in tasks cannot be recovered by compromising activities and sacrificing the quality of the output, the target deadline will be adjusted to meet the time needs of the delayed activity/activities. The process ends when the project is launched, ensuring that all project tasks have been successfully accomplished.

Ideally, the performance of all projects is measured using specific Key Performance Indicators (KPI) identified by each department. Measuring KPI is only done occasionally, depending on the amount of documentation the project presents. The departments which have identified their KPI's and the computation for it only calculate for individual performance. Knowingly, these KPI's may also be adapted to the project as a whole, although TEI does not have a strict way of measuring project KPI since they do not have adequate project data and documentation to support their performance (*Refer to Appendix H for BPMN of Existing General Project Management Process*).

Store Opening

The goal of TEI is to establish a market presence, and by doing so, they will need to open new stores around the Philippines. Once TEI achieves its capability to expand and open a new branch, either a kiosk or an in line store. They vary on the products to be sold, target market, store space, equipment, and other requirements.

A store opening usually lasts from sixty (60) to ninety (90) days, the Franchise Development Head under the Marketing Department, starts preparing the project income statement and the capital investment, next they receive a lease offer from a mall and review the lease offer and its feasibility. They then send a counter offer to the mall and wait for the revised offer to review it again. Once TEI is satisfied with the offer, they proceed to signing the agreed lease offer and start looking for a possible franchisee. If there is any franchisee who is interested, that franchisee should send a letter of intent to the Marketing Department, who will then undergo an interview and evaluation. If the franchisee passes the evaluation, TEI issues and signs a franchise agreement, and provides a franchise certification. The franchisee should pay for the franchise reservation fee to be received by the Finance Department. In the event, however, that there is no possible franchisee or the candidate failed the evaluation, the new store to be opened will be company-owned stores. As soon as everything has been settled with the franchisee, a kick off meeting will be conducted to discuss and formally

start the logistic processes that need to be done. The processes in the Marketing Department has no KPIs to measure their performance. Subsequently, the Procurement Department procures for the initial assets, and the Facilities Administration finalizes the quotation for the logistics, and the Finance Department plans the training calendar for bookkeepers.

The next seven steps in the process will be handled by three different departments, and is a definite prerequisite of one another, the Marketing Department will gather all corporate registration requirements, such as the Securities and Exchange Commission (SEC) registration and the Department of Trade and Industry (DTI) registration. After gathering all requirements, they will initiate the registration process, the waiting time for these processes varies depending on the government sector, and no definite time is given. Next, the Finance Department will register stocks and transfer books for the new store and hand it over to the Marketing Department to acquire necessary permits, such as, Mayor's Permit and Business Permit; the requirements for the different permits may vary depending on the type and location of the store. In some provinces, particularly, Cagayan de Oro, they require a certificate of planning for network infrastructure to be signed by an engineer. Factors, such as, local government requirements, or mall requirements can affect the resources a new store needs, for instance, one store requires a Point of Sale (POS) system even for kiosks type of store, and others do not. Once all permits are obtained, the Finance Department will acquire the certificate of registration and the Human Resource (HR) Department will collect and forward all permits and requirements to the mall. After that, the Finance Department will open a depository or checking bank account for the new store.

The last seven (7) steps, jump from one department to another and it is very crucial for updates to happen, however, currently in TEI, there is no actual way of knowing whether a process is done, unless you ask the person in-charge. When everything is settled with the Finance Department, the HR Department will take over to initiate employee recruitment and conduct a two (2) week training for the newly hired employees. At present, the HR Department does not have their own set of KPIs. The Marketing Department will subsequently initiate the pre-construction activities and proceed to the actual construction, and the Procurement Department will receive all equipment and utensils, it will come back again to the Marketing Department for them to monitor utensils and install equipment. Afterwards, it will proceed to the MIS Department to monitor peripherals installation, and the Store Operations Department will receive the initial inventory. The MIS Department is the only department involved in the

store opening that has their own KPIs that they implement to assess their performance. Next, general cleaning, and final mall inspection will be done by the Marketing Department, as soon as the inspection is done, the store will be turned over to the Store Operations Department. After the turn over, the Store Operations Department will conduct a staff meeting, final preparations, and a dry-run of the operations. The last process is releasing of actual figures of Capital Expenditure (*Refer to Appendix K for Capital Expenditure*) done by the Finance Department, and then the store will finally open (*Refer to Appendix H for BPMN of Store Opening Project Process*).

New Product Launch

In the previous year, the Marketing Department launched at least one (1) new product. This is done yearly at a quarterly basis, this serves as the trigger event for the new product launch process, as well as the promotion launch. The Marketing Department starts to conceptualize the new product through a brainstorming meeting. Once the product has been conceptualized, tasks are then distributed throughout the department. The Marketing Department conducts research on the new product and the market trends. After conducting research, the Research and Development sector of the Marketing Department starts developing the product prototype. Once the prototype is done, they would then seek approval from the Board of Directors. If the Board rejects the prototype, the Marketing Department revises the prototype and once again seeks the approval of the Board of Directors. However, if the prototype is approved, the Marketing Department proceeds to market testing where they have actual customers test the new product. If the market testing fails, the Marketing Department goes back to revising the product and seeking approval from the Board of Directors. If the market testing passes, the Marketing Department informs concerned departments about the new product. They then proceed to designing the promotional material and forwarding the material design to their suppliers. While this is happening, the Procurement Department orders the required ingredients and the MIS Department updates the Point of Sales (POS) System by adding the required button for the new product. Once the Marketing Department receives the promotions material and ingredients from their suppliers and distribute them to the stores. Simultaneously, the Human Resource Department prepares materials and conducts an online training through Google Classroom to teach the store staff the procedures on preparing the new product. Store staff are then evaluated in the same platform. The process ends as the new product is made available to the public.

Product launching KPIs are measured through the accuracy of the project, meaning that it had no errors and it measures timeliness if the project was delivered on time. As for completeness, it checks if all requirements were satisfied during the product launching (*Refer to Appendix H for BPMN of Existing New Product Launch Project Process*).

Promotion Launch

The promotion launch process is somewhat similar to that of the product launch. As mentioned above, the trigger event for promotions launch is the quarterly marketing project timeline. The Marketing Department meets to conceptualize the promotion and its mechanics. After which, tasks are assigned and distributed within the department. Before the promotion is green lit, it must first seek approval from the Board of Directors, if denied, the Marketing Department then revises the promotion and the mechanics and once again seeks the approval of the Board of Directors. However, if the Board of Directors approve the promotion, the Marketing Department informs the concerned departments about the upcoming promotion. After informing concerned departments, the Marketing Department starts designing the promotion materials. Once the materials are designed, they then forward the design to their suppliers for production. After the suppliers hand over the promotion materials, the Marketing Department distributes the materials to the stores. While the designing of promotion materials is happening, the MIS Department starts updating the POS System, by adding the button of the new promotion. Once the materials are distributed, the process ends as the promotion has been launched. Similar to product launch, KPIs are measured through the errors for accuracy, completeness of the requirements and the delivery of promotions (*Refer to Appendix H for BPMN of Existing Promotion Launch Project Process*).

System Development

The system development processes start with either a request for upgrades, modifications or a whole new system from other departments within TEI or the MIS Department, TEI's in-house IT department, initiates a new system to be developed, or to make modifications to existing systems. After receiving the request, the MIS Department collects detailed information about the system to be modified or to be created. After data collection, the MIS Department calls for a meeting with the development team to discuss the system requirements. The project charter and project design are then produced. Once the project charter and project design has been created, the program is developed. The MIS Department

conducts two (2) kinds of testing for the newly developed system. The first kind of testing is the internal testing, wherein testers would be within the department and the second kind of testing is the external training, where they would get users from other departments and the actual user/s to test the system. If the testing fails, the MIS Department identifies the necessary adjustments. MIS Department then performs these adjustments to the system and conducts internal and external testing again. If the testing passes, the user manual is then produced by the MIS Department. Mass training is then done to train users of how to use the new system or the new modifications. After the training is conducted, the project charter is then updated, and the project is closed. The closing of the project produces a final report made by the MIS Department and a report to the requesting entity. Once the project is closed, the MIS Department activates the project and the system development process ends as the updated or new system is deployed. System development KPIs are measured through the evaluation survey after the user acceptance testing (UAT) and feedback, which measure accuracy of the system. As for timeliness, it is measured if they met the target deadline (*Refer to Appendix H for BPMN of Existing System Development Project Process*).

Employee Onboarding

The employee onboarding process begins when the new hiree is accepted. The process is guided by a checklist which is kept by the Human Resource (HR) Department (*Refer to Appendix K for Onboarding Checklist*). The HR Department releases the onboarding kit to the new hiree for completion (*Refer to Appendix K for Pre-Employment Requirements Checklist*). After receiving the accomplished onboarding kit, the HR Department informs all departments and stores that there is a new hiree through Email, so as to make sure stores are aware who to communicate with in future projects. The MIS Department provides the new hiree with work tools such as laptops, as well as their user account and corporate email address (*Refer to Appendix K for Onboarding Checklist(MIS)*). The MIS Department then captures the new hiree's biometrics. Simultaneously, the Admin Department assigns the new hiree with their personal locker (*Refer to Appendix K for Onboarding Checklist(Admin)*) and the Finance Department handles the petty cash and encodes the new hiree's name into the SAP system (*Refer to Appendix K for Onboarding Checklist(Finance)*). Once the new hiree has their work tools, accounts, and locker, the HR Department conducts the orientation as well as the office tour. The HR Department introduces the new hiree to their assigned department and closes off the process with the contract signing. Once the employee contract is signed, the process ends as the new hiree is onboarded. As for KPIs, HR currently has no KPI that they keep track of with regards to

onboarding (*Refer to Appendix H for BPMN of Existing Onboarding Project Process*).

Employee Offboarding

As for offboarding, the process starts with a request from the employee's immediate supervisor. The HR Department informs all departments and stores that the employee is resigning through email so stores are aware that their previous contacts are no longer part of the organization and to avoid the ongoing flow of information to the resignee. The HR Department provides the resignee with an acceptance letter stating that they accept the employees letter of resignation. After releasing the acceptance letter, the HR Department then schedules and conducts an exit interview with the resignee. The HR Department then evaluates the resignee's clearance for the back pay they would be receiving, to be computed by the Compensation and Benefits sector under HR. The MIS Department revokes the resignee's user account and corporate email and collects their work tools. After MIS Department receives the work tools, the HR Department then files the employee record to the company archives and the process ends as the employee has officially resigned. Similar to onboarding, HR does not have any KPIs for offboarding (*Refer to Appendix H for BPMN of Existing Offboarding Project Process*).

4.3 Problem Areas

Almost all movement and operation of Taters Enterprises, Inc. are project-based. Their current tools in executing a project are Microsoft Excel, Microsoft Word, Email, and SMS Messaging. These tools are not enough to properly execute a project with the least amount of delays and issues. TEI constantly experiences project delays which are caused by a number of factors that vary from their current method and machine used in implementing a project. Project delays vary from project to project. With store opening as their largest project, it also has the most frequent occurrence of delays at 100%, hence all store opening projects experience delays which range from two (2) weeks to two (2) months. An estimate of 5% to 35% of departmental projects also experience delays which range from days to weeks, or months in special cases. Departmental projects that are considered to be executed on time are said to be highly compromised in terms of quality and completeness. One of the main concerns is that they do not properly document the whole process. To be more specific, they only document the entire plan of the project at the beginning and do not consistently add the changes done and to be done during the project life. To make matters worse, they

do not document all of their projects, which juggles their documentation from being inadequate or absent. With this setup, the project team members and their respective departments are not actively involved and informed throughout the whole project which then causes a number of misunderstandings and miscommunications which in return also causes bigger problems. Each aspect of the main problem may be further detailed as follows (*Refer to Appendix H for the Ishikawa Diagram*):

Method

As aforementioned, TEI handles multiple projects and it has been an evident problem for the company to handle multiple projects simultaneously. The effects of this can be seen in the efficiency in the process of handling projects, the number of projects executed without compromises, and the quality of project outcomes. With multiple projects needing to be handled all at the same time, TEI has had trouble prioritizing which projects to do first and which employees should handle certain projects. There have been times where projects have been put on hold due to the amount of work needed in one project, and in worst cases, have not been executed all throughout. They have no systematic way of keeping track of which tasks of a project are being done and by who because they do not have a big picture view of all the projects currently in progress. Specifically, HR projects with regards to health and wellness are often parked or entirely not executed due to the multiple projects simultaneously being done. The planning and preparation is not aligned with current projects, and a window period is not determined in order to insert a specific HR project in between, thus putting the project on hold until further notice.

TEI does not currently have a systematized process for assessing the potential project team member's capability and workload in other ongoing and upcoming projects, thus having inequitable workload distribution. The process for choosing team members to be involved in a new project is blindly done by the project department heads according to an employee's position in their respective departments (*Refer to Appendix K for Employee Roster*). Choosing the right manpower is important in any project since they are the ones who materialize the project plans. The effect of having unqualified and incapable manpower in a project causes delays in which these individuals are preoccupied with other things they deem more important than the project at hand and eventually cannot commit to the responsibilities assigned to them. Spotting incapable manpower in a project also causes forced transferals of team members which simply brings the project back to the planning phase. The MIS department started out with three (3)

simultaneously ongoing projects, each done by one person; the new manager found this practice inefficient and then redirected the focus of all three individuals to accomplish one project at a time, which then paved the way to accomplish more projects in a shorter time period. With proper allocation of manpower, project delays will relatively decrease.

Another problem that TEI is encountering is the lack of project transparency due to the absence of a platform for viewing of certain documents, tasks, and the current project status. This goes hand in hand with the lack of updates from concerned team members as they have no specific protocol for updating. As certain processes have prerequisite tasks that need to be done and a delay has occurred, the succeeding tasks and the people involved are not informed or updated in time to realign their schedules. It has also become a norm that the post-requisites often ask for follow-up updates from their prerequisites because of the lack of regular updating procedures, which then leads to miscommunication. In addition, it has been estimated that only a number of projects, estimated at around 5%, are documented and plotted on a Gantt Chart (*Refer to Appendix K for TEI Gantt Chart*), but instead some use pre-defined checklists in aiding the project team with project tasks to be accomplished. The onboarding project of HR is highly affected by this problem. Without proper communication and activity update exchanges, the project will not execute as planned. There are instances where the new hiree is officially onboarded to the organization, without being properly exposed to all departments, thus deeming the project compromised and will be the cause for future misunderstandings regarding the business process.

One of the critical causes of delays is the lack of monitoring and controlling. This is caused by a combination of transparency issues and inadequate documentation. Projects are not properly monitored due to the fact that they have inadequate documentation to serve as a basis for project progress. It was roughly estimated that only 5% of overall projects have initial documentation, in a form of a Gantt chart or a checklist, and 100% of that are not being updated regularly during the whole duration of the project. In other cases, absolutely no documentation is done, and projects and target deadlines are only done via informal communication. Inadequate documentation sets grounds for a difficulty in monitoring and controlling projects because of the lack of information to guide the project owners in the progress and execution of the project as a whole. Consequently, inadequate documentation also provides no basis and data to accurately evaluate KPIs. Each department has a different method for assessing KPI, but they do have similar indicators (*Refer to Appendix K for Balanced Scorecard (MIS)*). TEI currently assesses performance only by

request of top management or of department heads. KPI evaluation is currently done based on memory and experience from the project team, which makes it an unreliable source as bias and memory conflict may frequently occur. Improper assessment of projects and project delays, may lead to even more delays. In specific, as an initiative of a team member to reduce the delay of a store opening project, he/she made it a point to acquire a POS System immediately, because this is what he/she thought was causing the delay. In reality, this initiative was useless because you will still need to secure a POS permit (*Refer to Appendix K for POS Permit*) afterwards, thus causing a waste in effort while the piece of equipment just sat in the office the whole time being.

TEI also experiences document mismanagement wherein documents are not received or acknowledged properly, and documents needed in the future are not properly stored, which results to miscommunication over the project and matters involved. A specific example of this scenario would be the storage and acknowledgement of capital expenditure, a document used for a store opening project that contains the list of equipment needed which every department is required to submit. With multiple store opening projects in progress, there have been instances where capital expenditures have been mixed up to different stores and were not double checked in time for the grand opening. The mix-up led to incomplete requirements and thus moving the grand opening to a later date once all pieces of equipment have been cross-checked with the capital expenditure. Aside from that, top management notes and comments are not stored properly in association to a project because the project team does not have a central and unified repository of project documents and files that are organized per project.

Machine

Microsoft Excel is the main tool that aids TEI in managing all their projects. In the few projects that are actually documented in the planning phase, the excel file containing the schedule and Gantt Chart is manually passed around to the project team file per file, which also causes inconvenience and version problems as there is no way to ensure that everyone in the team is viewing and basing from the exact same file. This causes the limitation of project viewers being informed.

In relation, Microsoft Excel is not capable of handling project updates systematically whilst also informing all team members of the said update or change. If a team member were to update or place his/her notes in the excel file, it will not reflect with other team members, thus again causing a lack of project transparency. Since most of the processes involved in a project are a prerequisite

of another process, it is important that the documentation is up-to-date, if not, the next process will lead to being delayed unknowingly, and the domino effect will lead to the overall delay of the project execution.