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# Activity 01

Principle of Management

Submitted by:

Bin Yamin (022-16-113402)

M. Iftikhar Uddin Khan Sami (022-16-113275)

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## Case Application 01: TASTING SUCCESS

### Discussion Questions:

#### **2-13. Which decisions in this story could be considered unstructured problems? Structured problems?**

*Unstructured problem can be defined as problems that are new or unusual and for which information is ambiguous or incomplete*

Getting new business is not an easy work to do as it required good plan and preparation. Many business fails when they started new business as because they are unable or not prepared to tackle the fluctuating demand and customer preference. Since getting in to Orange Juice business is new for Coke this could be considered an unstructured problem. According to the case Coke's executive and managers are focusing on ambitious, long-term growth for the company i.e, doubling of coke's business by 2020. A big part of achieving this goal is building up its simple Orange Juice business into a powerful global juice brand.

In this case making simple orange juice also can be considered as unstructured problem because it involves complicated algorithms. Making one glass of orange juice by hand for small quantities is not hard. On the other hand, for one company like Coke producing huge amount quantity of orange juice is definitely not an easy job. As the Coke revenue analytic consultant says, -Orange Juice is definitely one of the most complex application of business analytics". They should ensure 100% customer satisfaction in order to meet their future targeted goals.

*Structured problem is a problem in which straight forward, familiar and easily defined. In addition, problem would be resolved with the pre-determined policies and procedure in a structured and step-by-step process.*

An Example of Structured problem from this case is *Black Book model*. It is a simple algorithm program that includes detailed data about the more than 600 different flavors that make up an orange and about customer preference. This data is correlated to a profile of each batch of raw juice. The algorithm then determines how to blend batches to match a certain taste and consistency. It also includes data on external factors such as weather patterns, crop yields, and other cost pressure. By using Black Book, Coke can easily determine and produce Orange Juice following the set of instructions.

## **2-14. How does the Black Book help Coke's manager and other employees in decision-making?**

The Black Book Model helps Coke's managers and employees on top of their game plan during decision-making process as it consists over 600 different flavors in their calculation that is far more than normal human brain can process. By having the Black Book, it greatly simplifies the decision-making process for the managers while making it more powerful because of the amount of data being used.

## **2-15. What does Coke's big data have to do with its goal?**

Coca-Cola's (Coke) executives and managers are focusing on long-term growth for the company, which results in *double of Coke's business by the year 2020*. One of the big parts in achieving the goal is to build up its Simply Orange Juice business into a powerful global juice brand. The executives and managers are well aware of difficulties and challenges they might face in the production of the orange juice due to *limited growing season* and *weather fluctuation*.

One good advantage of Coke for being able to professionally analyze the possible consequences is when they come out with 'Black Book Model'. Black Book Model is like a formula book specifically in making good orange juice. For the top executives and managers, the book is more to algorithm, where it contains data about more than 600 different flavors that make up an orange and about customer preferences. Not only that, it is correlated to a profile of each batch of raw juices. The algorithm also determines how to blend the new batches to match a certain taste and consistency which is most vital requirement in order to boost the business.

The presence of big data or the Black Book makes the goal more achievable. As said by the revenue analytic consultant, the process of making orange juice somehow requires one quintillion decision. Big data is known as quantifiable information that can be analyzed by highly sophisticated data processing. It comprises of high volume, velocity and variety information that contributes to the decision made in the decision-making process. Therefore, with the help of the big data, Coke's executives and managers would be able to make a wiser decision based on the reliable data they have. As part from that, it would also help to make sure the company is on the right track towards achieving the goal.