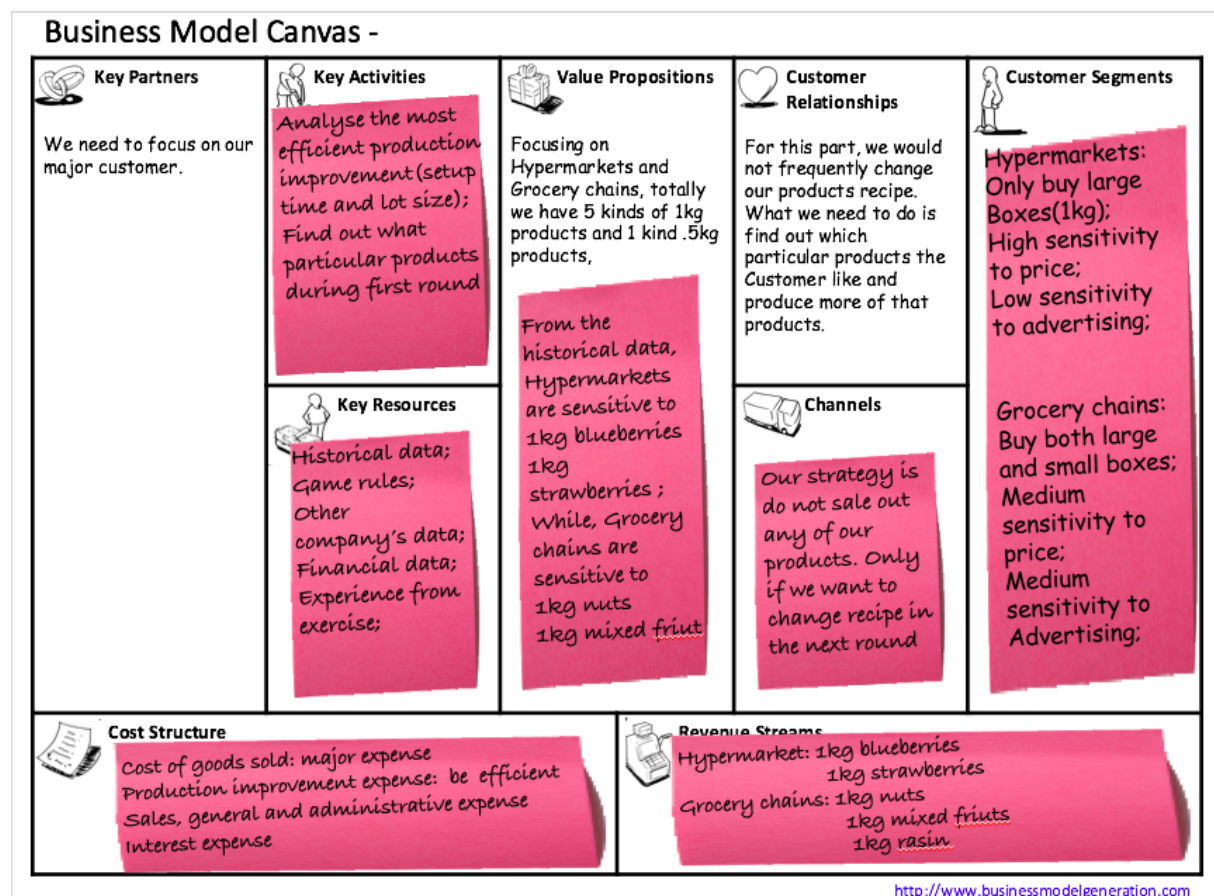


# BUSINESS PLAN

## GREAT CEREALS-TEAM G

### General Business Strategy

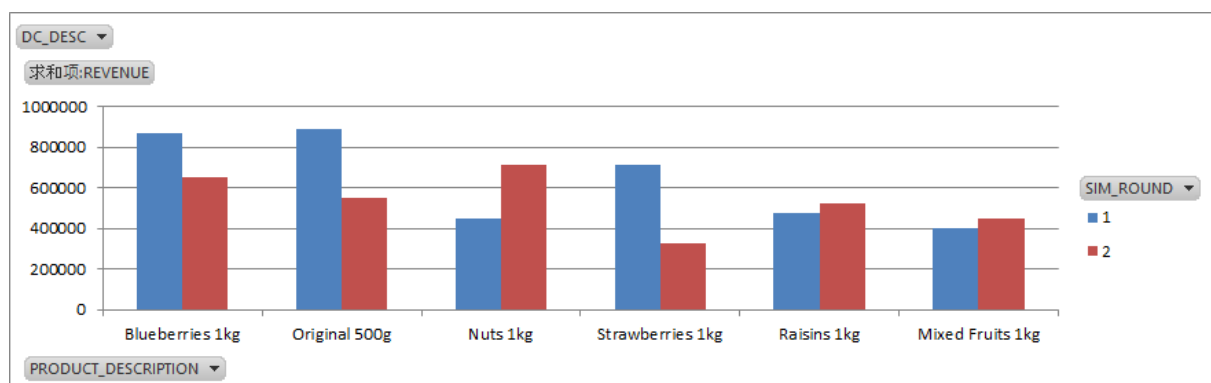
Our company's business strategy is composed of highest level of production and selling as many products as possible at optimal prices adapting to the market trends. We focus our strategy on 'Operational Excellence', to lead the company in price and convenience by minimizing the overhead costs, never running out of the inventory through continuous production improvements and delivering the products to the consumers at minimal prices. Based on the historical data, by observing the customers choice, we have planned to produce 5 products initially and as the game progresses will attempt to try other products depending on the consumer reception by analyzing the market report periodically. We plan to maximize our sales on Hypermarkets(DC10) and Grocery stores(DC12), however we will be producing one product(Original 500g) targetting Independent grocery stores(DC 14). We plan to become the icon brand for that specific product through advertising and selling the product at a minimal price lower than the market average. Besides Operational Excellence we attempt at focussing on Customer Intimacy as our another strategy. As the game progresses we would experiment different products by tailoring the best sold products to fit an increasingly fine definition of the customer. However as this is an expensive affair, this strategy will only be followed depending on our cash flow and financial position. Underlying all these actions, however, remains our commitment to driving profitable growth; it is this profitability that is then used to fund the cycle again.



### Product Information & Pricing Plan

We have decided to produce 6 products in total after analyzing the Sales data(Revenue) from our previous rounds. We will be using all the Standard recipes for the first round and as game progresses we plan on producing niche products. Pricing for the first round were determined based on Variable cost, Inclusive fixed costs and productivity of 75%. Our goal is to achieve 90% productivity in first four rounds, to be able to repay the loan there by minimizing the interest expenses. Our prices for DC10 and DC12 were calculated as 35% of the total costs and for DC14 as it is less driven by price it is fixed at 45% of the total costs.

Product	Variable	Incl.Fixed	Selling Price(DC10&DC12)	Selling Price(DC14)
Blueberries 1kg	1.6	3.06	4.13	4.44
Mixed Fruits 1kg	1.58	3.04	4.10	4.41
Nuts 1kg	1.43	2.89	3.90	4.19
Original 500g	0.68	2.14	2.89	3.10
Raisins 1kg	1.23	2.69	3.63	3.90
Strawberries 1kg	1.66	3.12	4.21	4.52



## Sales Forecast

We have made our forecast for the first round based on the Sales report(quantity) and the average boxes sold per product for both rounds. Under the assumption that our product sales increases by each round we have planned to increase the production for every round by 10% and making consistent production improvements as the game progresses.

Product	Round 1	Round 2	Average
Blueberries 1kg	162412	122713	142562.5
Mixed Fruits 1kg	85416	106215	95815.5
Nuts 1kg	96631	187116	141873.5
Original 500g	180609	117431	149020
Raisins 1kg	110891	130000	120445.5
Strawberries 1kg	133171	60039	96605

**Sales Report(Quantity)**

Product	Round 1 (Qty. in boxes)	Round 2 (Qty. in boxes)	Round 3 (Qty. in boxes)	Round 4 (Qty. in boxes)
Blueberries 1kg	140000	1540000	1694000	1863400
Original 500g	150000	1650000	1815000	1996500
Nuts 1kg	140000	1540000	1694000	1863400
Strawberries 1kg	95000	1045000	1149500	1264450
Raisins 1kg	120000	1320000	1452000	1597200
Mixed Fruits 1kg	95000	1045000	1149500	1264450

**Sales Forecasting**

## **MARKETING PLAN**

Our Marketing strategy is to attract more consumers from North and South regions as they have huge market share compared to West. We will be investing \$400 for both North and South regions and \$200 for the West region for the first round. As observed during the exercise rounds Marketing does not make huge difference while compared to pricing, so depending on the results from first round we will decide about reducing or increasing the marketing expenses.

## **Production Plan**

Our production plan portrays the sequence plan, efficiency calculation and provides the production and cost projections. We opted for long run production plan. The sequence plan is determined based on total revenue in both the rounds and we have decided to follow the order Blueberries 1kg, Original 500g, Nut 1kg, Strawberries 1kg, Raisins 1kg, and Mixed Fruits 1kg. In addition, we figure it out that the total costs would be the lowest total costs when the setup time is 5 hours and the capacity is 30,063 after our analysis of the data. Under this circumstance, we make our lot size same as the capacity 30,063. Below is our daily production schedule per product for a game round after making the production improvements.

Production Plan								
Day	Production	Set up		Max lot size	30,063			
1	30,063			Size of runs	144,052			
2	30,063			Capacity	30,063	boxes/day	1251.5	boxes/hr
3	30,063			Setup time	5 hrs			
4	30,063							
5	23,800	5		Blueberries 1kg				
6	30,063			Original 500g				
7	30,063			Nut 1kg				
8	30,063			Strawberries 1kg				
9	30,063			Raisins 1kg				
10	23,800	5		Mixed Fruits 1kg				
11	30,063							
12	30,063							
13	30,063							
14	30,063							
15	23,800	5						
16	30,063							
17	30,063							
18	30,063							
19	30,063							
20	23,800	5						
21	30,063							
22	30,063							
23	30,063							
24	30,063							
25	23,800	5						
26	30,063							
27	30,063							
28	30,063							
29	30,063							
30	23,800	5						
				Total for month	864,311			
				Total expected for month	901,890			
				Production efficiency estimated	95.83%			

The expected quantity as per the above plan with a per day capacity of 30,063 is estimated at 901,890. However due to set up time delay the quantity will be 864,311. Hence our production efficiency calculated by dividing 864,311 by 901,890 is 95.38%.

Regarding the cost projections, we considered that the lowest total costs for setup and capacity improvements plus the relatively lower marking costs and the various costs for the products' materials, which will help us improve the production efficiency of the six products significantly with spending relatively less money.

In reality the actual quantity produced will be different in the first round owing to 5 days delay for the accumulation of the raw materials Under this circumstance, we will lose about one round for production for one kind of product. Therefore, we will postpone all the production in the sequence plan after 5 days, and we will lose the least popular product or the Mixed fruits 1kg production. Under this circumstance, our production length will be only 25 days rather than the 30 days.

R1				
Day	Production	Set up		
1	0		Expected delays of 5 days.	
2	0			
3	0			
4	0			
5	0			
6	30,063			
7	30,063			
8	30,063			
9	30,063			
10	23,800	5		Blueberries 1kg
11	30,063			Original 500g
12	30,063			Nut 1kg
13	30,063			Strawberries 1kg
14	30,063			Raisins 1kg
15	23,800	5		Mixed Fruits 1kg
16	30,063			
17	30,063			
18	30,063			
19	30,063			
20	23,800	5		
21	30,063			
22	30,063			
23	30,063			
24	30,063			
25	23,800	5		
26	30,063			
27	30,063			
28	30,063			
29	30,063			
30	23,800	5		

In a word, we might lose sales for our least preferred product because we choose the long-run production instead of the short-run production. However, we might still make a great amount of profits as long as we have great pricing plan, marketing plan and customer satisfaction with right value delivery.

### **Key performance information**

Our primary key performance indicator would be to maximize the net income. As a team, we understand that this is the most vital criteria to judge any team's performance over the others to become the leader. This goal would be possible if we maintain our long run business strategy and also maintain the highest efficiency possible.

The second key performance indicator is the individual sales of the product we offer. We want to maximize sales by improving capacity and pricing. Firstly, it is essential to identify the most popular products on the market and price them at a premium. This is because popular products promise steady sales and also offer to generate additional revenue through premium pricing. The second approach is for the less popular products. In our experience we had overcome the problem of declining or stagnant sales of less popular products by pricing them at lower costs than the average of the market. We feel that it would be possible to improve and maximize the sales in the less popular category through by this approach. To sustain overall sales and follow two pricing approaches based on popularity of the items, we are investing in additional capacity which would allow an increase in production. This finally would offer a potential to increase our sales promising a significant market share and also generate steady income.

Finally we are open to change our approach towards the key performance indicators listed above by learning and adapting to the changes in market. Production planning decision, Production execution decision, Production improvement decision, pricing decision and Financing decision are critical decision processes for our team.

We have 4 team members in our company--- Aiwei, Xianqin, Nikhil and Vivek.

Aiwei, as the planner of our team, takes responsibility for Production planning decision and . The purpose of these decisions are to decide how much products and which products our company would purchase and produce in the round. The decisions are based on the inventory and the market share. For example, if our company has many Production A in inventory, the production manager would tell the planner, and the planner will not forecast much Production A in this round.

Xianqin, as the Sales and marketing manager, takes primary responsibility for pricing decision and marketing decision. The purpose of these two decisions are to maximize the profit of our products. In case of running out of products, Sales manager should keep contact with Production Manager to know the inventory information.

Nikhil is our Production Manager. The primary responsibility of him is production execution decision and new product development. He decides the produce order based on material and product inventory. In addition, he is responsible for inform the planner to procure materials for products.

Vivek is our Analyst. The primary responsibility of him is to decide production improvement, Analyze the data from our company as well as others, study on what's the difference between our company and others and decide our setup time and production capacity.

Steps of managing our company

Step1: Before game start, we will finish Production planning decision and Production improvement decision. By analyzing the historical data, we'll figure out how much we need spend on production improvement and how much product we need to produce in the round.

Step2: During the game, primarily we do the pricing process and marketing process based on market sales data and our inventory. Also, the production manager will do the production execution decision at the same time to make sure that we would not sale out of any kinds of products.

Step3: After game over, we analyze the round data and find out the which part could be improved. And we do the finacial decision process for next round.

To make all the processes are being performed accurately and reliably, all team members should have more communication with each others. We also have some indicators to identify that all the processes are accurate and reliable. For Production planning decision, we would not run out of materials which means the production manager can produce products anytime. For production execution decision, we would not sale out any of our products. For Pricing decision and Financing

decision, we could look at the Gross profit and margin and compare our data with others. If the margin is relatively lower than others team, then it means we need to increase the products price.