



جامعة الجميع الذكية
EVERYONE'S SMART UNIVERSITY

Everyone's Smart University

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Consulting New Company

1- Introduction:

Businesses around the world start with proper planning that expand the expectation among the years onwards. However, in each quarter time in the year the decision maker analyze their previous decisions based on the outcome of their previous action and enhance it accordingly. Thus, consulting other firm based on the region reports will indeed add value to your ongoing firm and preventing the obstacles happen.

2- Literature Review:

In this research, my focus in consulting a hypothetical firm B11 that I have which will take us building the firm from the scratch and building onwards into multi regions. The consulting will take the place to other business in the same field and appointed the strength and the weakness and what lead the failure or success. Our analysis of company B11 begins with a general overview of the company's business model, along with the actions of the executive decisions. Before the competition started, company B11 wanted to go with a low price, low cost business model; but quickly moved to the middle. With a mid-range cost and price model. Company B11 had a consistent quality, features, advertising and web marketing throughout the simulation. Although their price and quality was average in relation to the industry, they were able to capture a sizable market share, with constant demand for their product. Company B11 constantly looked for the correct combination of price and quality for each region that would best fit their forecasted demand. During our analysis, we will focus on three different regions.

3- Methodology:

3.1 Region 1:

Region 1 for company B11 is focused heavily on their mid-price, mid quality strategy. Their product price starts at \$73 through Q5, then decreases to \$72 for Q6 - Q8, Finally settling at \$74 for Q9 - Q14. In the Marketing decision, the prices for the company B11 set at the price of \$73 form Q1 –Q4 and decreases to \$72 to next couple of Qtr 6 -8 then increasing the prices again to \$74 for region 1 in market decisions. As you can see in the chart, company B11 diligently kept a close eye on their forecasted demand compared to their actual demand. Company B11 kept their COGS to a minimum by only putting the bare minimum amount of quality (starting at \$2/unit for Q1-Q5, then up to \$2.5/unit for Q6-Q12 and then down to \$2.25. For the remainder of the simulation into their product in order to receive the demand at which their producing plants could handle without incurring overtime pay, and only hiring two salespeople in Q12 with no sales commission.

	Qtr1	Qtr2	Qtr3	Qtr4	Qtr5	Qtr 6	Qtr7	Qtr8	Qtr9	Qtr10	Qtr11	Qtr12	Qtr13	Qtr14
Price	73	73	73	73	73	72	72	72	74	74	72	74	74	74
Quality	2	2	2	2.5	2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.25	2.25
Local Newspaper	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Trade Publications	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Sales Forecast	8000	8300	8000	8000	8200	8200	8500	8500	8500	8500	8500	7500	7600	7600
Actual Demand	8946	9343	7145	8988	9551	13579	8750	7469	6941	7470	8328	7258	10646	6134

In region 2, Company B11 decided to keep their product price at a constant \$73, with the exception of Q13, where their price dipped to \$72 but then went back up to \$73 in Q14. In terms of quality, company B11 took a similar strategy, consistent with that of region 1. Quality/unit starts at \$2 for Q1-Q3, then jumps to \$2.5/unit for Q4-Q12, then down to \$2.25 for Q13 and Q14. Company B11 decided to spend less on local newspaper and trade publications for region 2 than they did for region 1. Local newspaper spending in region 2 was set at a steady 4 (compared to 6 for region 1) and trade publications were set at 3 (compared to region 1's 5). Company B11 decided only hire two salespeople in Q12 for region 2 throughout the whole simulation, while offering no sales commission, helping to keep overhead down.

[illegible]

[illegible]

3.3 Region 3:

In region 3, company B11 held a steady product price at \$73 for Q1-Q10, raising it to \$74 for Q12 and dropping it to \$72 for Q13, then back to \$73 for the final quarter. During Q13's price drop, there was a considerable increase in actual demand for company B11's product at 6711 with a sales forecast at 2500. Product quality for region 3 was set identical to that of region 1 and region 2. Company B11 decided to spend even less on local newspaper and trade publications than they did in regions 1 and 2, with local newspapers. Company B11 decided to not issue and sales commission to their salespeople for region 3 and only hiring two salesmen during Q12.

[illegible]

Local Newspaper	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Trade Publications	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Sales Forecast	3000	3000	3000	3000	3000	3000	3000	3000	3500	3500	3500	3500	2500	2500
Actual Demand	3491	3051	2598	3810	3529	3927	3153	3956	3931	3415	3394	4419	6711	2974
Hire	0	0	0	0	0	0	0	0	0	0	0	2	0	0
Fire	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commission	0	0	0	0	0	0	0	0	0	0	0	0	0	0

4- Results and Discussion:

Company B11 overall was managed relatively well in regards to their operation decisions. In region 1, company B11 stocked out 8 of the 14 quarters by an average of 1669 units. In region 2 and 3 they stocked out 11 of the 14 quarters by 805 and 960 respectively. This shows that Company B11 had trouble producing enough units to meet their actual demand. Company B11 was paying high carrying cost each quarter to store their raw material because they consistently ordered 20,000 units of raw material each quarter; without being able to produce and use all of it for finished product. With production being a problem, company B11 stocked out in every region, every quarter leaving no finished goods on hand each quarter. In terms of workforce, company B11 only produced in region 1, only hiring enough workers to account for turnover. During

Q12 Company B11 decided to lay off 3 warehouse workers because they did not need the extra production. Company B11 only spent on training, when hiring new workers, as a result, their production capacity fell below 1000/per crew and they were not producing at 100% efficiency.

5- Conclusion and Recommendation:

The first recommendation I would make is to start leasing production capacity and hiring warehouse workers in regions 2 and 3. This will help to cut down on finished good transfer costs, while also helping to increase overall production capacity, which will lead to less stock outs and more sales. Since company B11 has so much unused cash on hand, I would recommend reinvesting it into building extra plant capacity in all regions. This effectively will yield the same result as leasing, with more of an upfront cost, with a lower long-run cost in terms of production. Another recommendation would be to lower the COGS. I would recommend doing this by increasing the amount spent on training and maintenance. This would lead to higher crew productivity and ultimately lower COGS in the long-run.

If company B11 wants to surpass company B01 as industry leader, they must focus on increasing their production capacity. Company B11 constantly had stock outs in every region. If they want to increase their market share, they must look into either leasing, or preferably, building more product production capacity. They have enough cash on hand to steadily increase production, while keeping costs low and generating increasing profit. I believe that company B11 is managed properly and will continue to succeed using their current strategy.

6- Reference:

Brandt, J. (2006). *Oregon's forest products industry and timber harvest, 2003* (p. 39). [Portland, OR]: U.S. Dept. of Agriculture, Forest Service, Pacific Northwest Research Station.