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FUN  
CHOCOLATES  
DUBAI

## OPERATIONS MANAGEMENT REPORT



**Fun Chocolates Dubai: Operations Management**

Operations Management: Fun Chocolates Dubai

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### Abstract

The focus of the current report is explaining operations management through the introduction of a new product. Operations management is the process to manage resources that help to produce and deliver products and services. The author presented the idea of a chocolate factory with the name “Fun Chocolates Factory”. The products will be chocolates of all types with innovative and funny designs. The product design and development is based on the current trends of this business using a case study of “Delight Chocolate Factory, Dubai” which is its competitor. All steps from inception to launch including preparation, distribution and promotion have been described.

## Executive Summary

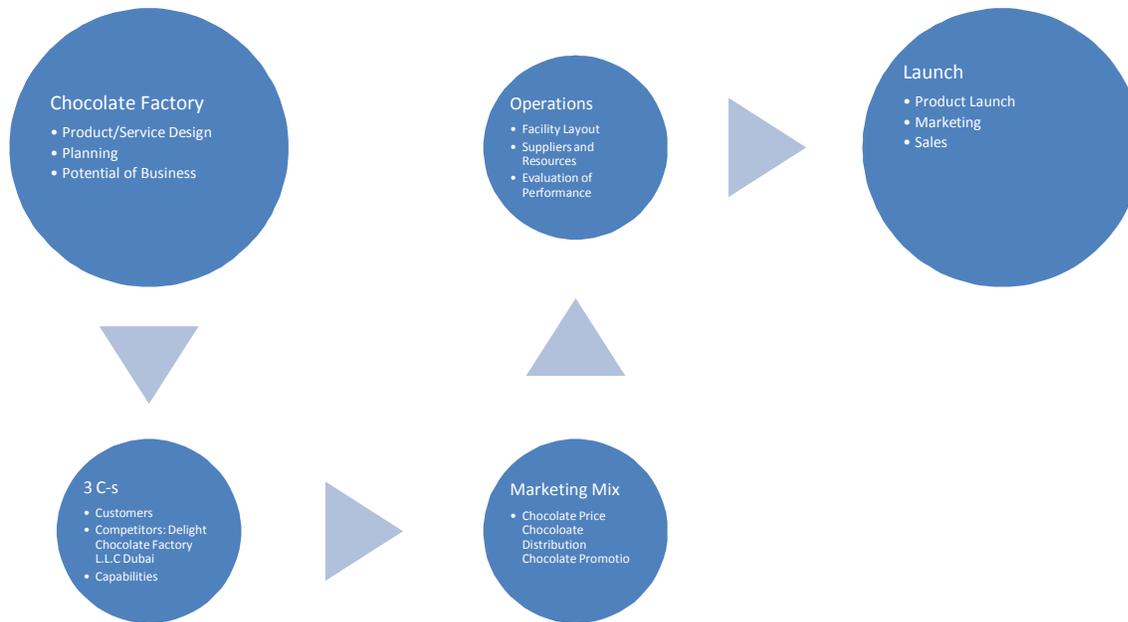
Current report discusses the operation management process with the help of product design process from inception to distribution. The report sheds light on the establishment of “Fun Chocolate Factory”, its product design, marketing strategy, performance management, project plan and other related details. The “Fun Chocolate Factory” will be established in Dubai. The product line includes chocolates of all flavors. The report sheds light on the scope of this business in Dubai. The author has explained in detail the launch of product, production costs, production time, costs, supply chain management, marketing and performance appraisal.

### **Introduction**

Operations management is the process to manage resources that help to produce and deliver products and services. The discipline of Operations management has emerged from the field of operations research and industrial engineering during the last 40 years and it and has become key focus of the research. During its progress the discipline of operations management has gone through diverse emphases on topics studied, for example MRP, JIT, and TQM. The specific operations in the establishment of a business include addressing legal issues and risk management, precise business operations, deciding locations, selecting facilities, and designing layout, and management of human resources. (Mariotti&Glackin, 2012)

### **Productive System**

This section discusses the productive system and comprises a flowchart of all the process and explanation of these processes. The productive system discusses is an information about the launch of chocolate factory in Dubai. The steps include from planning phase of the factory to distribution. The flowchart given below shows the procedures. All the steps have been explained in detail.



**Figure 1-Project Plan from inception to Completion**

### **Product/Service Design**

I have designed my product using Delight Chocolate Factory as case study. This is the main competitor in Dubai. Based on this analysis the products and services to be offered under this factory include;

- Chocolates of ten varieties including milk chocolate, dark chocolate, white chocolate, toffees and candies.
- The design of chocolates will be representative of its names. An innovative design will be applied. Chocolates will be given shapes as per different occasions
- The company will prepare packing for different occasions and special discounts will be offered for these occasions on bulk orders

The special focus will be on the quality conformance because it has many external and internal benefits. External benefits include enhancement of the product in the market and less customers complaints while internal benefits include prevention of error slowing down throughput speed,



According to 2010 National Bureau of Statistics, the population of UAE is 8.9 million. This is a rich country with increasing number of immigrants coming for the purpose of employment.

Further UAE is a rich country. The statistics reveal that currently UAE is the fastest growing economy in the world. It is evident from a recent report by the Ministry of Finance and Industry that minimal GDP rose by 20.8% in 2012 to \$360 billion, as compared to the \$298 billion in 2011 (DIFC, 2013)

### **Phisibility**

- Dubai provides a tax free business environment which is one great advantage for establishing a “fun Chocolate Factory”
- UAE government provides funds for its own citizens to do business which is a great advantage

### **3 C-s**

#### **Customers**

UAE is a rich country and has been identified as one of fastest growing economies. UAE has 248 chocolate manufactures. As the company is rich due to its oil production, it has growing population with the increasing portion of immigrants. As

#### **Competitors: Case Study**

As fun Chocolates is a small business, its potential competitor will be Delight Chocolate Factory located at Dubai. The Delight Chocolate Factory is offering a range of chocolates including , “Fine Chocolates, Dark Chocolates, Milk Chocolates, White Chocolates, Ganaches, Truffles, Creams, Butter Creams, Caramels, Toffee, Turtles, Sponge Candy, Nut Clusters, Nut Bark, Fudge, Meltaways, Cordials, Marshmallows, Nougat, Marzipan and more”. Further to

attract customer the company offers chocolates in gift packs for different occasions such as “birthday parties, new born celebrations, Valentine Day Gifts, Ramdan Gifts, National Day Celebrations, Ramadan Gifts, Eid Celebrations, Christmas and New Year Gifts, Dassera and Diwali Gifts, Exhibition Stands, Anniversary Gifts, Parties and Events”

To achieve a competitive edge the product will be equal in quality but innovative designs will be used. The competitive prices will be established and discount offers for special occasions.

### **Capabilities**

The strong point of the “fun chocolate” is its quality and innovative design. Further prices will be competitive and discount packages will be introduces. The business has a capability to flourish as UAE is a rich county with people from diverse cultures living there.

### **Marketing Mix**

#### **Chocolate Distribution**

There is extensive literature on the structure of distribution channel as well as different issue for example, contract types through which vertical members can coordinated with each other,, equilibrium channel structures in case horizontal competitions are present, the impact of channel power on the decision making process of firms’ decisions. For the distribution of ‘fun chocolates’ there are two benefits that can be obtained; one from its innovation and second from getting raw material from supplier at low prices as has been shown by Arya (2007) that in order to support its clients demands the supplier will lower its wholesale price. While there exist network effects the “fun Chocolate” will earn higher profit on the basis of its innovation as demonstrated by Conner (1995) Factory will be established in the industrial area of Dubai. Initially chocolate will be sold to retailers in UAE

## Chocolate Promotion

Launch of a new product always commands a large commitment of resources in production and marketing, a careful planning is required to introduce a new product (Dobson and Kalish, 1988). There are different marketing strategies that can be adopted such as word of mouth, social media marketing, and advertising. For the Fun Chocolate factory initially a advertisement and banners at local level will be used followed by internet marketing and word of mouth strategy will be used for the promotion of “Fun Chocolate”.

## Operations

### Facility Layout

The process of laying out a factory involves deciding right place to, “put facilities, machines, equipment and staff in the manufacturing operation”. A layout is helpful in defining the way through which material and other inputs flow. A comprehensive layout is necessary for smooth functioning of a factory as a single missing machine in a factory can become the cause of disturbance to operations flow. This will resultantly affect costs and effectiveness of a manufacturing operation. Designing a wrong layout can lead to ineffectiveness, obstinacy, large volumes of inventory and work in progress, elevated costs and unsatisfied customers. If there is a need to change the layout after initiation of the project, it will be difficult as well as expensive.

(Mark Allington,2006)

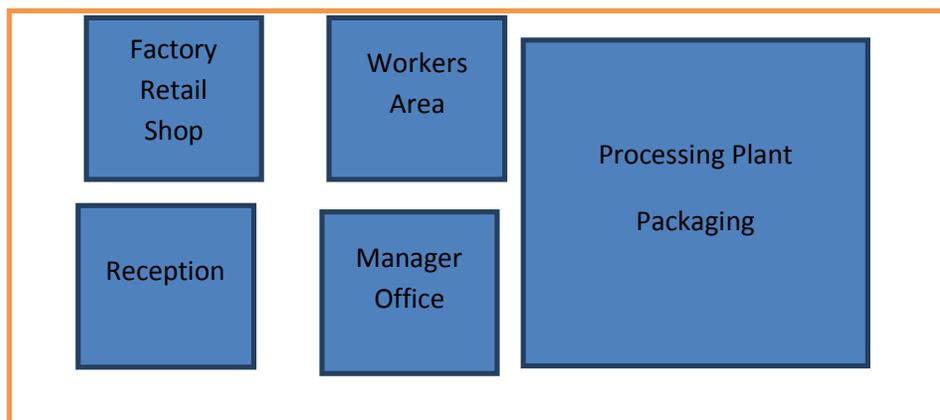


Figure 2-Facility Layout

### **Suppliers and Resources**

As now a day's business environment has become more competitive there is a need to effectively manage supply chain. An effective supply chain management strategy helps to maximize value, integration of process, enhancement of responsiveness and reduction in cycle time.

The chocolate will be prepared using locally produced dairy products as well as imported cocoa. Local labor force will be used to construct the building. All staff will be hired from UAE.

### **Evaluation of Performance**

For performance evaluation a management by objective approach will be used. This approach was introduced by Peter Drucker in his classic 1954 book, 'The Practice of Management'. Drucker's argument was that each employee should have a personal performance objectives and that objective must be aligned to the business strategy of the company. In his own words;

"Each manager, from the "big boss" down to the production foreman or the chief clerk, needs clearly spelled-out objectives. These objectives should lay out what performance the man's [sic] own managerial unit is supposed to produce. They should lay out what contribution he and his unit are expected to make to help other units obtain their objectives. [...] These objectives should always derive from the goals of the business enterprise. [...] [M]anagers must understand that business results depend on a balance of efforts and results in a number

of areas. [...] Every manager should responsibly participate in the development of the objectives of the higher unit of which his is a part. [...] He must know and understand the ultimate business goals, what is expected of him and why, what he will be measured against and how” (Drucker 1954, pp. 126-9).

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