9-1 Final Project Submission- Project Management Plan

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# Operations Management

The capacity of an association to make benefit and support in this focused world is based on its competency to play out its activities precisely. Consequently, regardless of the way that the term Operations Management is all in all starting late created. It has changed with the mechanical uprising itself (Katerattanakul, Hong, and Lee, 2006).In a layman's tongue, exercises organization is the convincing and capable running of the distinctive resources inside an affiliation. The work underneath looks changed speculative thoughts of errands organization and how these associated with the conventional in the diverse endeavors. It goes for the interrelation between undertakings organization and key focuses of an affiliation.

Primarily, Chipotle Mexican Grill" implanting new service, where. task administration can be named as giving the most exceptional organization and no more negligible possible expenses. This objective must be proficient by expecting every undertaking inside the affiliation is regulated preferably. The unique activities of an association that should be overseen are budgetary tasks, capital administration, and human asset administration. There are numerous contributing components to the development of activities control and management. Throughout the last 50 years, we have seen how new ideas and methodologies have risen and been executed in assembling firms, some more effectively than others. The advancements in data and correspondence technology have encouraged the slow change of PC based frameworks for activities arranging and control. Improvement of assembling operation and control frameworks: from reordering point to big business asset arranging.

## Significant Forces

In the Middle Ages, the cooks utilized by nobles and religious requests served vast quantities of individuals consistently, and medieval voyagers ate at motels, bars, cloisters and hostelries (Sekhar, 2011). The most punctual recorded organization for cooks confirmed in 1311 to secure the cooks' privileged insights. The little-known techniques just educated to society individuals.

Amid a great many years when the vast majority of the populace lived in or exceptionally close cultivating groups, nourishment did not set out far to contact the general population who ate it (Hammer and Champy, 1993). The Industrial Revolution and the mass movement of laborers to urban communities implied there was expanded request to send nourishment more extended separations. Prepares, autos and trucks gave transport, while new safeguarding medicines and better-stockpiling gadgets, for example, refrigeration made it workable for the nourishment to remain crisp longer.

Cooks utilized by armed forces, doctor's facilities and jails have been serving up vast amounts of sustenance for many years. Be that as it may, World War II conveyed the dire need to bolster troops everywhere throughout the globe and delivered developments in vast scale nourishment transport, conservation and the bundling of apportions. In the vicinity of 1943 and 1944, the Army buys sustenance alone developed by 80 percent, and 1945 saw another 20 percent development. At the point when the troops returned home after World War II, creating nutritious least principles prompted the change in institutional sustenance administration and endeavors to instruct people in general about solid nourishment.

The sustenance business has reacted to the difficulties of recognizing what has finished by embracing innovation as it has moved toward becoming practical or essential to meet the desires of the commercial center. Perceiving that either of these conditions has met can significantly influence the prospects of an organization. Sadly, it isn't simple to observe these circumstances when they emerge. These progressions have been both progressive and developmental. By and large, the reaction has been to embrace more noteworthy robotization and online instrumentation. The approach of modest advanced controls to supplant muddled mechanical frameworks has caused numerous progressions. Similarly, as with most changes, there is a risk in merely depending on robotized frameworks. The aphorism "trust yet check" is solid counsel. In this article, we will analyze a few to some degree summed up cases in which new methodologies have supplanted process controls that were once adequate.

## Key Obstacles

With the deepening of technological innovation that the restaurant adopted, competition among corporations replaced with that among supply chains, and supply chain management has become a popular agenda of many enterprises. Among these, the joint effort ability viewed as the center fitness for achieving benefit amplification and a piece of the overall industry increment.

In reasonable terms, undertakings in a community store network are required to coordinate with each other for win-win improvement by incorporating and streamlining assets including coordination, reserve, data, and ware, which are of extraordinary worry in the web-based business and expedited service industry (Christopher, 1998). Logistics, conveying the process of procurement, distribution, warehousing, packaging, and so forth, is part of the transaction between supply chain enterprises and customers and ultimately reflects the value of goods and service. The flow of commodity in the trade process shows the ownership transition of the products from the e-commerce enterprise to customers, while the capital flows are in the opposite direction. Last but not least, the flow of information referring to the processes of information collection, transmission, storage, retrieval, and analysis is the basis for regular functions of logistics and capital flow. All in all, the information flow provides accurate messages on the supply chain, and the circulation of fund achieves value form the transfer of the product, while the flow and logistics complete commodity transfer eventually. Apparently, the four main elements work together to have an impact on the collaborative ability and profitability ability of the e-commerce and express delivery industry supply chain.

## Changes

Today, with the advancement of the "Web of things"— The restaurant ensure the inserting of systems administration innovation into family unit machines and customer merchandise. PCs and computerized control are inescapable. Progressively, sensors utilized for continuous investigations. Sensors give high affectability, reproducibility, selectivity, and versatility. They have a minimal effort of possession and progressive substitution and additionally parallel utilize when contrasted and intricate and unwieldy scientific research facility instruments (Berry and Hill, 1992). The lessened requirement for a human association is likewise attractive, essentially to decrease mistake and time. Regardless of whether utilized "in-line" or as a "remain solitary," the sensors can be incorporated in conjunction with Wi-Fi advancements and utilized for continuous transmission of defilement alerts or potentially test results to remote servers.

The test of the workplace can be outlined with the utilization of an oxidation-lessening potential anode to screen chlorine. In a straightforward water framework, this works sensibly well. However, it quickly separates when different materials added to the water and the pH changes. If a sensor isn't approved in the workplace, you can't know whether your procedure is under control.

We can likewise observe the development of process control in the frameworks for clumping and control fluid mixing for juices and different refreshments. There are PC controlled grouping frameworks with mass stream meters. There are sensors to affirm that blends have the correct thickness. There are computerized frameworks for checking approaching water. These frameworks intrinsically record what done, confirming that the procedure took after. Paper records are as yet being utilized, yet computerized documentation is turning into the standard. These progressions expel human intercession from dreary undertakings and lessen mistake, expanding certainty concerning recognizing what finished.

The research facility has additionally changed. There has been an expansion of fast strategies in light of immunochemistry and biotechnology, for example, PCR. Instruments have turned out to be more computerized and effective. If you need to gauge it, you can. Present day instrumentation associated with PCs. We are starting to see gadgets related to cell phones. As of late, a close infrared (NIR) spectrophotometer for customer utilizes entered the market. This NIR instrument recommended as an apparatus for deciding the readiness of foods grown from the ground tremendous and awful attributes of items. The effects of every one of these progressions can be seen in any cutting edge process.

## Business Operations

The Chipotle Mexican Grill's action plan covers the three types of action plan progress as a specific and straightforward methodology, business process and aggressive system. All three clarify how the association evaluates, transmits, and makes financial, social, or social estimates. The Plan of Action of the Essential System concentrates on the use and work of the goods. As a federation can fully promote affordable resources to produce the most incredible generation, it decides the company's estimate (Sekhar, 2011). Once again, business technology evaluates the processes and administration of all divisions within an association. It focuses on how production exercises calculated from the way items are delivered to customers. This action plan requires high levels of management and competence. Aggressive procedures, another critical action plan, evaluating the company's performance and linking the result to the capabilities and activities of the company. With the help of this model, an association can satisfy customers and maintain harmony amongst request and supply, which decides the positive hierarchical development and esteem. Chipotle Company has undoubtedly known the significance of all these three plans of action as confirm by its present business procedures. The three models as utilized by the Chipotle Mexican Grill to build up a brilliant business system does not just help the organization to pick up a higher net benefit, yet all additionally enhances its upper hand in the numerous business. Consequently, Chipotle business systems which comprise of the various plan of action guarantee that the organization maximally uses the assets accessible to enhance its execution, keep up centered corporate procedures to enhance productivity and quality and contend with other solid organizations in the nourishment business, which isn't just an aggressive industry yet also immersed. Nonetheless, in spite of the fact that Chipotle's approach of consolidating diverse plans of action is successful, it has a few qualities and shortcoming that the organization needs to deliver to keep up a steady advancement.

## Key Trends & Impact

1. **Expanded Competition and Price Pressures.**

**2. Globalization**

**3. Outsourcing.**

**1. Expanded Competition and Price Pressures**

In general, value, item highlights, and brand recognition were enough to separate multiple items from the mall. With the process of trivializing many articles, organizations need better separation centers. In one case, a major manufacturer of products for customers around the world costs some of their items between 60 and 80 percent seen lying (Kaplan, 2012). The article's progress and brand value never allowed them to cause higher costs in the marketplace. Subsequently, to continue to compete with this flagship product, the company achieved significant cost improvement through the modernization and innovation of the production network.

**2. Globalization**

The commercial scene is rapidly ending all over the world. In general, globalization is due to changes in correspondence that drastically affect the way companies controlled mandated, even at the nearest levels (Bridgeland and Ron, 2009). Ultimately, there is no region of an organization more impacted by the model of a worldwide business condition than the stock system. The collection, distribution, supply of materials, billing, and returns mainly influenced by the inclusion of a global customer base, vendors, and many organizations believe that the current methods and innovations in this area are not entirely commercial and adaptable.

**3. Outsourcing**

With the same number of organizations examining their core competencies, it is clear that the suppliers or most of an existing network can be cheap. With the market improvements of all (1) media and raster data (2), increased costs and the nature of the meeting and global ownership, and (3) elementary energy functionality organizations. The corresponding cooperative element for outsourcing of all or part of its network of stores.

**Operationalization**

**Potential Costs**

**Direct costs**

Chipotle Mexican Grill is one of the leading food organizations in the United States of America. The organization intends to develop a project in which they will use drones, manned and unmanned cars in their delivery service. The organization will incur various costs in the implementation of the plan. The project will involve ten team members who will participate in different activities. Each of these individuals will work for one month in which they will earn salaries according to their job title.

|  |  |  |
| --- | --- | --- |
| Job title | Pay per day | Total pay per month |
| Project manager | $2,000 | $60,000 |
| 3 assistant managers | $1,500 | $135,000 |
| 2 project engineers | $10,000 | $600,000 |
| 4 manual laborers | $1,000 | $120,000 |
| Total cost of labor |  | $$915,00 |

**Cost of materials**

Materials in the development of the drones include frames, flight control boards, batteries and chargers, clockwise and counterclockwise propellers, motors and electronic speed controls. The organization will start with developing ten cars which it plans to increase with time. The total cost of the materials will add up to $8,000,000.

**Transport costs**

The project developers needed to travel from one place to another to collect the materials as well as access other services. These costs added up to $ 50,000 for the whole month.

**Indirect costs**

These are costs that the organization cannot break into individual value but are essential to the functioning of the project. Such include administrative costs which added up to $250,000. The rent that the organization paid during the phase of project development added up to $30,000.

**Work Breakdown Structure**

|  |  |  |
| --- | --- | --- |
| Tasks | Time | Days |
| From-to | 19th March-18th April | 30 |
| 1. Planning | 19th-29th March | 10 |
| 1.1 Determining the scope of distribution | 19th-23rd March | 4 |
| 1.2 Identifying the necessary resources | 24th-27th March | 4 |
| 1.3 Determination of the overall costs | 28-29th March | 2 |
| 2.0 Engaging project stakeholders | 30th March-4th April | 6 |
| 2.1 Holding the first meeting | 30th March | 1 |
| 2.2 Analyzing stakeholders’ views regarding the outcome of the planning process | 31st March-2nd April | 3 |
| 2.3 Incorporate stakeholders’ suggestions into the project framework | 3rd -5th April | 2 |
| 3.0 Project design | 5th -18th April | 14 |
| 3.1 Developing the frames of the cars | 5th-10th April | 5 |
| 3.2 Assembling the product parts together | 11th-17th April | 7 |
| 3.3 Testing the final product | 18th-19th April | 2 |

**Narrative**

The organization had to use a work breakdown structure that was helpful in allocating time and costs for the project. The work breakdown structure indicates the project deliverables and the tasks associated with each point. The structure assists the organization in identifying the potential risks. The entire project will take 30 days, and the first phase in developing the work breakdown structure is planning. The activities in this stage will take ten days. The project developers need to decide on the project activities and how they will be implemented. The phase will also involve the identification of project resources. These include time and associated costs. The project developers will also develop the overall cost structure of the project. The second phase is the engagement of project stakeholders and getting their views on the project implementation plan during the first meeting. The stakeholder analysis will take six days. After getting their views, the next task will be analyzing the stakeholders’ comments. Incorporating the views of project stakeholders could be helpful in making corrections to some of the decisions related to the project. The final phase is the project design which will take fourteen days. In this stage, the engineers will develop the frames of the cars including polishing. The step will take five days because it involves more work in the design. Next, the designers will take seven days to assemble all the other product parts. Finally, the product will be tested that will take two days. The problems that arise with the new product are then solved in this phase before being released into the market.

**Key Milestones**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Deliverable | Start date | End date | Project responsibility | Resource requirements |
| Planning | 19th March | 29th March | Project assistant managers | $ 50,000 |
| Stakeholder analysis | 30th March | 4th April | Committee members | $ 100,000 |
| Developing car frames | 5th April | 10th April | Project engineers | $ 250,000 |
| Assembling product parts | 11th April | 17th April | Casual laborers | $ 200,000 |
| Quality management | 5th April | 17th April | Management | $ 45,000 |
| Product testing | 18th April | 19th April | Project engineers | $ 100,000 |

**Narrative**

The project planning is the most critical phase of project development. The project developers need to have a plan that outlines the essential tasks and the accompanying deliverables that each will undertake. The program will also describe the project budget associated with each job and the person responsible for each function. The assistant project managers will hold a meeting to design the planning of the project. They will also consult other relevant project stakeholders and incorporate their views into the process. Stakeholders are people who will take part in the project to completion. They may have participated in the construction of other projects and therefore provide views on how to reduce costs. The process will take ten days, and the estimated budget is $50,000. After holding the meeting with the stakeholders, the committee will have to meet so that they can discuss the various stakeholders’ views. The project engineers will embark on the project design. The process requires expertise and will consume a lot of the organization’s resources. During the first step, the project engineers will engage in the development of the car frames. The engineers will then instruct the casual laborers on assembling the components to make the final product. The process will take six days and will comprise approximately $200,000 of the production budget. Finally, the product testing will be done by the project engineers who will then determine any problems with the system and eventually make the necessary improvements before the release of the product. The process is not complete without a plan to manage the quality of the product. Project management is the role of the administration of the organization that must ensure that the maintenance of product quality (Sabur, 2015). The project included an ISO 9000 certification from the relevant authorities. The certification procedure outlines the specifications that the product should meet and ensures that the company has mechanisms for maintaining these requirements. The firm used Statistical Process Control is one of the methods that the management used to manage the quality of their products during the manufacturing process (Sabur, 2015). The use of these tools was helpful in helping the designers collect real-time data during the manufacturing process to enhance quality.

**Potential Obstacles**

**Competition**

The restaurant industry is crowded with many businesses, and all of them aim at profit maximization. While Chipotle Mexican Grill may have gone a step higher in the improvement of their delivery service, other competing firms may also adopt other technologies that will put them at par.

**Lack of resource coordination**

A lack of cooperation among the organization’s supply chain may hinder efficient service delivery. In addition to this, the improvement of service delivery requires coordination of data and ware that is not easy to achieve in this industry (Christopher, 1998).

Inefficient ways of measuring the value

Organizations estimate the value of their products through the flow of the commodity in the market. The logistics of the company including warehousing, procurement and distribution may not reflect the real value of the product.

**Risks associated with the project and mitigation strategies**

**Safety risks**

The final project might face various operational risks. Chipotle needs to develop a sound communication strategy that addresses ways of managing these hazards. The project engineers need to develop an up to date safety statement (Leach, 2014). The document outlines the potential risks associated with the project and the procedure for solving them.

**Financial risks**

The project faces the risk of misappropriation of funds such that the project takes up more costs than expected. The project managers may allocate funds to inappropriate tasks thereby incurring more costs than the required. Chipotle may have to use several strategies to prevent the impact of a risk if it occurs. The project managers need to have a plan to avoid the escalation of costs. They need to ensure that project quotes come from reliable sources (Leach, 2014). This will ensure that the management does not incur any unnecessary expenses. A sensitivity analysis is instrumental in determining the variance in the project costs both estimated and actual costs.

1. **The life cycle of a business idea**

The life cycle of a business idea goes through various ways of development. From the moment your business is just but an idea. When coming up with the company “Chipotle Mexican Grill,” the business idea had to go through various stages (Ghaibraith, 1982)

1. **Seed stage**

These are the stage to which your idea is just a thought or an idea. These are the beginning of the conception of a new business. The challenge of this stage is that one does not know whether or not the market will pursue or accept this opportunity. One is also unaware of whether they will find the time and the resources that they require. At this stage, the focus is mostly on whether one’s idea will be able to match the market standards, skills, and experiences. Other issues that will come up at this stage is the business planning, finding advisors, suppliers and the ownership of the business. The source of capital will also be discussed at this stage, and since it’s a new business with no market or customers, the money will have to come from friends and family plus the owners themselves. With the above successful business idea, the business will need persons with a vision to help the industry adapt to the current rapid developing market. The owners will come up with a way to share the investments. Also, consider the ways to negotiate with banks to come up with financial support.

**Future of the business idea**

1. **Start-up stage**

At this stage, your business has already been set up, and it legally exists, and one has started receiving their first customers. Since it is a start-up one has probably over-estimated the money one needs and the marketing strategy. Hence with the few customers, one has, one has to learn what your clients need. An evaluation of the business will also be critical. The focus should be on establishing a right customer based service and ensure that cash is conserved. At this stage, however, there is a more abundant supply of money, which could be from the banks, family, friends, grants, the owners, and the suppliers. At this stage, the entrepreneur should put all his effort in the business, and the budget should regularly be revised. At this stage is when the managers and CEO are trained on what to do in different situations and run the business, where the marketing and business plan is completed and where negotiations are held to increase the capital of the company.

1. **Growth**

These are the stage of the stage of the business where there is an increase in the customers and the revenue after being operational for a few years. The company is wholly profitable however there seems to be competition. The most significant issue at this stage is the business having to deal with problems that require more time and money. Effective management and a plan will be needed at this stage. The focus, however, is on how the business will be run in a more formal manner to deal with the increase in sales. Better accounting methods will have to be installed, and the industry will have to employ more employees to serve the increasing customers. The money source will be the profits themselves, partnerships, grants, and banks. Dealing with the completion; the business will have to come up with innovations and new marketing strategies.

1. **Establishment**

At this stage, the business has already matured into a thriving company with loyal customers and supply chain. The sales may not be very huge but are manageable. At this stage, it’s likely for one to feel comfortable as they have done their best. The market, however, is still very competitive. Other competitors, change in the customer's tastes and the economy can interfere with one's achievements. The company should focus on improvement and productivity at this stage. Outsourcing and automation services may prove useful. Funds are from the government, profits, and banks. The CEO will have to think outside the box to expand.

1. **Expansion**

These are the venture into new distribution chains and new markets. The development is for the business to find new ways to gain profit channels, market share, and revenue. The challenge is that to move to new markets; it requires planning and lots of research as if it’s a start-up. The focus will be as per the kind of expansion one has in mind. One it could be the introduction of a new product into the market or expanding the exciting business into new geographical areas and setting up of new distribution chains. The capital may come from the banks, joint ventures with other companies, new and existing investors, partners, government, licensing and profits from the business itself.

**The Eventual Decline of the Business**

1. **Mature**

At this stage, it’s where there is competition as usual, and profits seem to be stable. When the sales start to fall, there is the need for the company to decide on whether to expand the company some more or exit the business. The deals, profits drop, and there is negative cash flow. The question here is whether the industry can support the negative cash flow and for how long. The company will, therefore, have to search for new ventures and opportunities. The will have to consider cutting costs and ways to sustain the cash flow. The sources for attaining the loans and funds needed will be the same as those used in the expansion level. The market will have to be analyzed and a clear strategy defined. In case of sales or the acquisition of the company details of the target, companies will have to be set up, and management of the whole process will have to be considered.

1. **Exit**

At this stage, the business cash out on all the efforts and achievements over the years and shuts down. If the business decides to shut down it will have to deal with the financial and psychological aspects of business loss as the company can only be sold at the current evaluated market price regardless of the hard work in play. The focus is on getting the right evaluation and coming up with ways to improve the said evaluation. For the amount money, one has to get the best evaluation and consult with their financial advisors. After all this processes and receiving of payment, the company now belongs to another.

1. **Profit generation**

Though the basic idea of a good business is to ensure that it provides right products and services, the customer in exchange for their money, meeting these needs will not guarantee a profit. For a business to be successful, it must meet the customers’ needs while being able to balance the costs of production and delivery while ensuring that it is in a pocket-friendly price to the customer (Pigneur, 2010).

1. **Profit chain**

Practices that are aimed at maximizing customer satisfaction cause the business to have an increase in revenue, which in turn leads to benefits for the employees, bonuses, and dividends for the shareholders if any. The company is also able to keep the customers satisfied.

1. **Mutual satisfaction**

Although profit chain is the most important for the business owners, who are successful the business has to consider when to differentiate the two. An example is: assuming one has a regular customer who requires delivery of food on a daily basis these customers may eventually demand discounts for the sole reason that they are there often and are loyal customers. One may have to consider their needs which may interfere with the profitability of the business. The goal of profit generation, therefore, will only be possible if the customer's expectations are consistent and reasonable with the service or products that they receive and the prices that have been charged.

1. **Long-term profitability**

The business has to consider whether the profit generation is long-term or short-term. However since most business owners start the market for long-term profits, the business owners would have to sacrifice the small benefits on a long-term basis. These are seen for example where a company makes an expense in buying new improved machines, that is the drones, cars and unmanned cars or improving a product; this is a short-term expense that will affect the profits however it will benefit the business in the long run. If the company can meet customers efficiently, need the clients become loyal, and in turn, profits are generated on a long-term basis.

1. **Marketing**

It is also used for profit generation. A satisfied customer is the best form of marketing strategy that a business can have. If a customer is satisfied, they will encourage their friends and family to buy the products or get the service. The company, however, can use other forms of marketing like advertising, which will affect profit generation as funds have to be used. One can build a product brand which customers will familiarize with and become loyal to hence generating profit on a long-term basis.

**Cost saving opportunities**

For there to be enough profit generation, a business has to find ways to cut down on their costs.

1. **Energy costs**

In case it is a production company that first costs that the company should cut down are the energy costs. These can be done by installing energy efficient bulbs, turning off the electricity and the machines if they are not in use. One can label the switches to avoid switching them on by accident. In case of charging the unmanned cars and the drones, one can try charging them at night. One can also consider using solar powered panels. In the office, one can use hibernation methods for the laptops and the desktop.

1. **Waste management**

One can use both sides of a paper when printing a document. Instead of printing similar records, one can write just one and photocopy the rest. These will reduce the expenses on paper. On the packaging, the company can use reusable forms of packaging that can easily be carried by the drones and the unmanned cars in good condition. The company can be collecting the waste forms of packaging from households and clean and recycle them. These will reduce the expenses on production of the packaging material and hence generate more profit. The packagers must, therefore, be of good quality if they are to be recycled.

1. **Investing in quality appliances**

The company should ensure that it spends on quality appliances. An example if it is machinery, it must be of excellent quality, and it must be well maintained. The same goes for the office desks, bins, the electronics like laptops and desktops, CCTV devices, cooking appliances in the cafeteria area and even the drones, vans and trucks to be used in the food delivery. If they are of good quality, they won’t need replacing for an extended period, just maintenance. In the long run, the company will generate a lot of profit as it does not have to deal with these expenses.

1. **Water expenses**

The water expenses can be reduced by installing motion censored taps, by having dispensers for clean drinking water and having cisterns that are working appropriately in the bathrooms and washrooms.

1. **Miscellaneous**

For effective management of the company, there should be systems that are accessible even when one is out of the workplace. Allowing employees to work remotely from home in the case of managers and the CEO will prove very useful. The unmanned cars and the drone should be in such a way that one can remotely control them from home. These can save on office cost, energy, water bills and even transport costs if it is provided for by the company. With such savings, it means more profit generation. Video calls and conference calls can be used for communication and meetings instead of having to pay transport and flight costs if there are multiple distribution centers in different states.

1. **Seeking cheap raw materials**

In production companies, the company can find a new supplier to supply the raw materials that are of good quality, which may be required at a slightly lower price than the previous supplier. If one can be able to cut down on this expense plus the production cost profit will be generated.

1. **Buying second-hand goods**

The company can choose to buy second-hand goods when expanding with regards to things like furniture and office chairs and desks to be used in the delivery centers where the food is being prepared and where people make their orders. These reduce the cost hence generating profit. If the profit-generating methods are put in play, and the company also focuses on reducing its expenditure, it will lead to an increase in the benefits.

1. **Phase-out plan for the business idea that ensures a sustainable solution**

The phase-out plan that is sustainable paving the way for innovation and profit streams

The phase-out plan is mostly the phase to which a company or a business decides on whether to stop its distributions and which distribution to close or which delivery products to pull out of the market as a result of weight to the drones, losses or to reduce the expenditure. Once one has decided on what action to take, one can now start the phase-out process (Erik, 2018).

1. **The planning phase**

The withdrawal of a product may be crucial for a particular customer and a supplier hence the removal has to be planned to ensure they don’t affect the confidence of the customer and supplier who is a potential creditor. Issues to be considered will be whether the company is eradicating the product for good or is making improvements on the product. If it is removing the product, do they have an alternative for the customers? In case it is an improvement of the product will the customers need help while transitioning to the new improved product? One will also have to consider whether they have binding sale agreements that may deter the transition. An example of change in the company would be moving from cars to unmanned cars.

1. **Phase-out stage**

This stage can take a very long time to be fully executed. The company, therefore, has to ensure the inform everyone of this development. The employees, suppliers and the customers should be notified in at least a year in advance. By this time the involved parties like customers can be allowed to give their opinions, and the contracts that the company has entered into can be renegotiated or terminated. On the sales, one has to ensure they notify the customer of the product change and improvements. The marketing materials on billboards, websites, product catalogs and advertisements will be terminated to ensure it does not mislead the consumer.no more effort should be placed in manufacturing or maintenance of the product that is going out of the market. The concentration should be on selling the remaining stock and training the necessary parties to transition to the new product.

1. **The follow-up stage**

There will need to do a follow up on the all the activities necessary for withdrawal. An example is by ensuring the product has been withdrawn from websites and catalogs and that the remaining stock is being sold. Also, provide the remaining inventories have been handled. What happens to the sales is also essential and whether the customers’, supply and sales partners are happy with the decision.

**Future innovations and profit streams**

The phase-out plan helps in innovation as when a product is withdrawn from the market, or a distribution facility that does not make any profit is closed down paves the way for a change. The funds that were used in those resources can be used to create new advancements and ideas that will generate more profit streams. The improvement of a product that is the unmanned cars and the drones will also bring about more profits as the product will generate more revenue. The growth of the product itself is an innovation. The expenses on marketing which will be put on hold will be used for other ideas and innovations.

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