UNIT-3 Getting your Product Together

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Explain the systems of quality control procedures.
- ✓ Discuss how to describe the essential elements of marketing, sales, and their company brand

Unit 3

Getting your Product Together

Inventory Management

Managing inventory is about having what you need when you need it, and being able to move it. Salespeople prefer to have ample inventory available so that they do not lose a sale. For example, a car salesperson needs to have a good selection of cars available so that potential customers don't walk across the street and buy from the competition. Financially, however, we actually want to keep as little inventory in stock as possible, because money tied up in products that we are storing until sold is money that we cannot use somewhere else.

The balancing act, then, is to figure out how much inventory to hold and how much our customers will demand. Products that are held in a retail situation (such as a bookstore) are often sold at a retail price, and then the price gets reduced on older merchandise so that the store can bring in different products. If the original supply of books, in this example, does not sell, the product may be returned to the manufacturer, who then has lost revenue to contend with. Working with all of these elements is what we refer to **supply chain management**.

Inventory has three forms that are common in all business, whether you are working in a computer assembly plant or a frozen treat company:

- Raw material (sugar, water, food coloring, flavor, wooden sticks, paper)
- Work in progress (frozen treat base being mixed in different colors and flavors)
- Finished product (orange, lime, and pineapple frozen treats ready for sale)

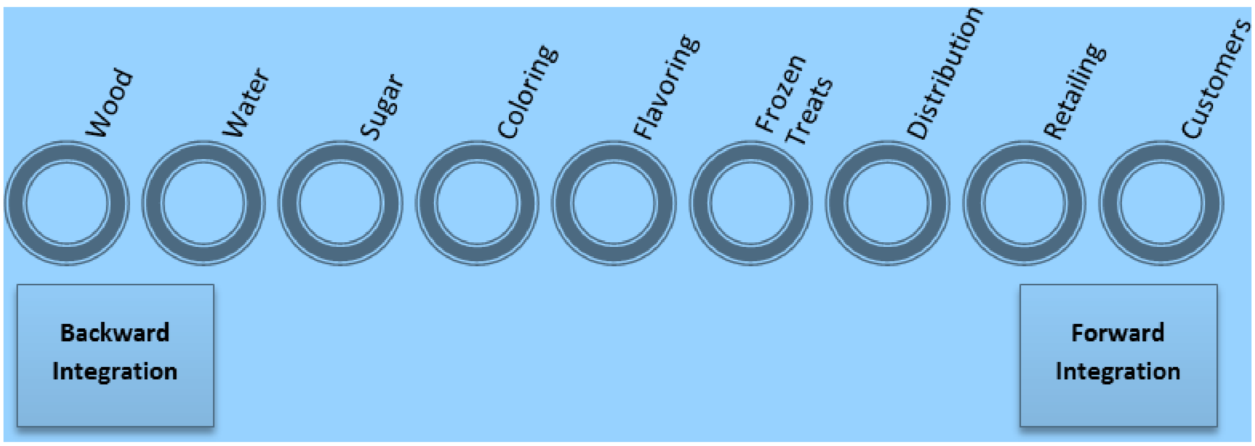
As you can see, your inventory includes resources involved in material production and labor. If you hold your inventory (and there are lots of reasons that companies do so), your money cannot be directed to other areas.

Reasons to hold inventory might include:

- **Buffer or Pipeline**: Inventory held to avoid production delays and to maintain efficiency.
- **Cycle**: Suppliers (or bulk pricing) may require that you order minimum amounts that are larger than you can use quickly.
- **Contingency**: Supply shortages cost money if production is stopped because of uncertain availability.
- **Anticipation**: Inventory that is stocked up in preparation for high demand period. (Example: Back to school supplies that flood stores before the school year begins.)
- **Speculation**: When supplier prices are expected to increase, the company purchases ahead of time to avoid the increase.

Understanding the Value Chain

Understanding your value chain helps to answer the question, "What business are you in?" by figuring out the value of your products. The frozen treat maker's value chain looks like this:



At each link in the chain, we can identify participants who add value at that step. When a company participates closer to the raw product, they are termed as being integrated backward. If they work closer to the finished product, they are integrated forward. So, if your company steps into the chain at the beginning (perhaps you make the rounded stick from birch), you are integrated backward. If you are distributing the finished products to retail stores after marketing the range of colors and flavors, you are integrated forward.

Test your Knowledge

Use the space below to draw a value chain diagram for one of your products or services.

Are you in a position of backward or forward integration?

Is where you intended to be?

Do you need to make changes?

Outsourcing Options

As you consider your business, who you will hire, and what inventory you will hold at certain times, you can see where costs can quickly escalate. As the business grows, the owner also becomes pulled in many different directions. One way to minimize some of these issues is to contract out, or outsource certain elements of work. **Outsourcing** includes contracting elements of the work to another company or individual who can provide you with that you need.

Pros	Cons

Quality Control

Despite what people may think, **quality does not mean that our products or services are supposed to be perfect**. It means that they meet a particular standard.

The process of quality control ensures that products or services meet the standard which might be defined in an employment contract, through product specifications, or by your customers. As customers become more and more demanding, they may have very high expectations about quality. Sometimes it is the job of the company to clarify what level of quality can be expected.

In a call center, quality standards may state that all calls must be answered within 30 seconds. In a bread bakery, a quality standard may state that all loaves meet a particular size when they are baked.

Quality is influenced heavily by the **management philosophy** that underpins the organization. In some instances, managers may take a pessimistic view of their employees and see them as always needing to be encouraged and motivated externally. In other organizations, managers believe that workers are motivated, that they want to learn, and that they want more responsibility. Some of these theories led to speculation about how some companies can get a competitive advantage. There is a lot of debate about how valid the theories are, but it cannot be disputed that some companies have better results than others.

To improve quality, operations must continuously review results and look for ways to improve efficiency. A practice which started in Japan and has now been widely adopted is to hold regular meetings called **quality circles**, where employees and managers meet and discuss challenges and implement improvements that will meet the standard.

Test Your Knowledge

Identify some areas within your company where you need to consider a quality control process.

Building a Corporate Brand

Your Brand

Your brand describes how your products and services are perceived by your customers. Do you want to be a premium brand or a discount brand? Beautiful or efficient, or both? Expensive or budget?

Here are some other words that you can use:

- Anonymous
- Beautiful
- Cheap
- Conscientious
- Comprehensive
- Discount
- Ecologically aware
- Efficient
- Ethical
- Expensive
- Fair trade
- Fast
- Green
- Innovative
- Luxury
- Modern
- Personal
- Pioneer
- Premium
- Professional
- Resourceful
- Slow
- Specialist
- Sustainable
- Trustworthy
- Unique

Ideally, you want a few short words and phrases that describe what you want your customers (internal and external) to think and feel. It's all about relative space and time – avoid absolutes like best, world-class, global, etc.

Example: Acme Widgets Inc.
What Do We Do?

We sell four types of widgets and provide widget repair service. Three of our widgets are for home use.

- The base model provides basic cleaning services and saves customers about one hour each day.
- The middle model provides better cleaning services as well as laundry duties. It saves customers about two hours each day, plus all maintenance fees are waived for three years.
- The top-end model performs all services of a traditional butler. It saves customers at least four hours each day, plus all maintenance fees are waived for its lifetime.

In addition, we offer an industrial widget that is custom-built and is designed to integrate with any assembly line. On average, businesses save $1,500 per day in labor costs by using our widgets.

Our Brand

Some brand words for Acme Widgets might include:

- Innovative design
- Modern approach
- Trustworthy service
- Financially sound

Remember, the focus should be on a few unique, short phrases that will carve out a unique place for your product in customers' minds.

Brand Names and Slogans

If you've going to catch the attention of customers, you need to really catch them. Brand names and slogans have the ability to attract customers or turn them away.

A good brand name and slogan have the **following characteristics**:

- True to the product.
- Recognizable, different, and unique. They set you apart from the competition.
- Sustainable and durable. Did you know that John Deere's logo has been almost the same since 1878?)
- Flexible, so that you don't have to re-design it every time something changes.
- Something that your company can commit to.
- Something that generates value for the company. How much do you think the golden arches are worth?

You may already be working with a product or a line that has a brand name, but if you have the chance to develop a name for a new product, take advantage of it! A great name has huge value and can stand on its own.

Do's and Don'ts

Here is what you don't want in a name:

- Something that is boring and not distinctive
- Something that is hard to pronounce or remember
- Something that might have negative connotations for a particular segment of your population
- Acronyms and inside jokes

You do want a name that:

- Is memorable and noticeable
- Speaks about your product or service
- Engages customers
- Is unique
- Is appropriate and inoffensive

So where do you start? We suggest brainstorming words and short phrases that describe your product's purpose, and building from there.

Developing a Slogan

We like the word "slogan" because of its origins: it comes from the Gaelic word *sluagh-ghairm*, which means "battle cry." You might also know a slogan as a motto, tagline, mantra, or strapline. Whatever you call it, it had best be good.

Not all products have a slogan, but a good one can significantly add to your brand's value and give your brand bigger exposure.

Remember, a good slogan is short, punchy, appropriate, and true to the product. To create it, we suggest the same approach that we used for the brand name. To start, use brainstorming to tap into your creativity and get lots of ideas flowing. Invite some friends to help you (and consider inviting someone with some marketing expertise!). Once you get all your ideas down, you can narrow the field to words and short phrases that describe your product's purpose.

Creating a Visual Identity

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>
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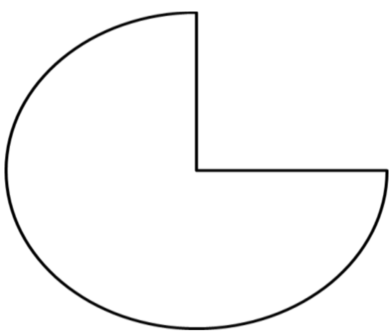
Once you have your brand name and slogan, you need to determine how it will be presented to the world. We recommend that you always use a graphic design service to create your visual identity, and preferably one that specializes in graphic design, rather than just offering general marketing consulting services. However, it doesn't hurt to understand the basic elements of graphic design before you get started.

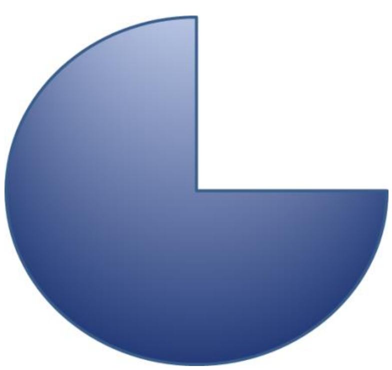
How People Will See Your Images

Although you probably don't realize it, your brain breaks down symbols into different parts and then puts them together.

First, your eye sees the general shape:



Then it sees the color:



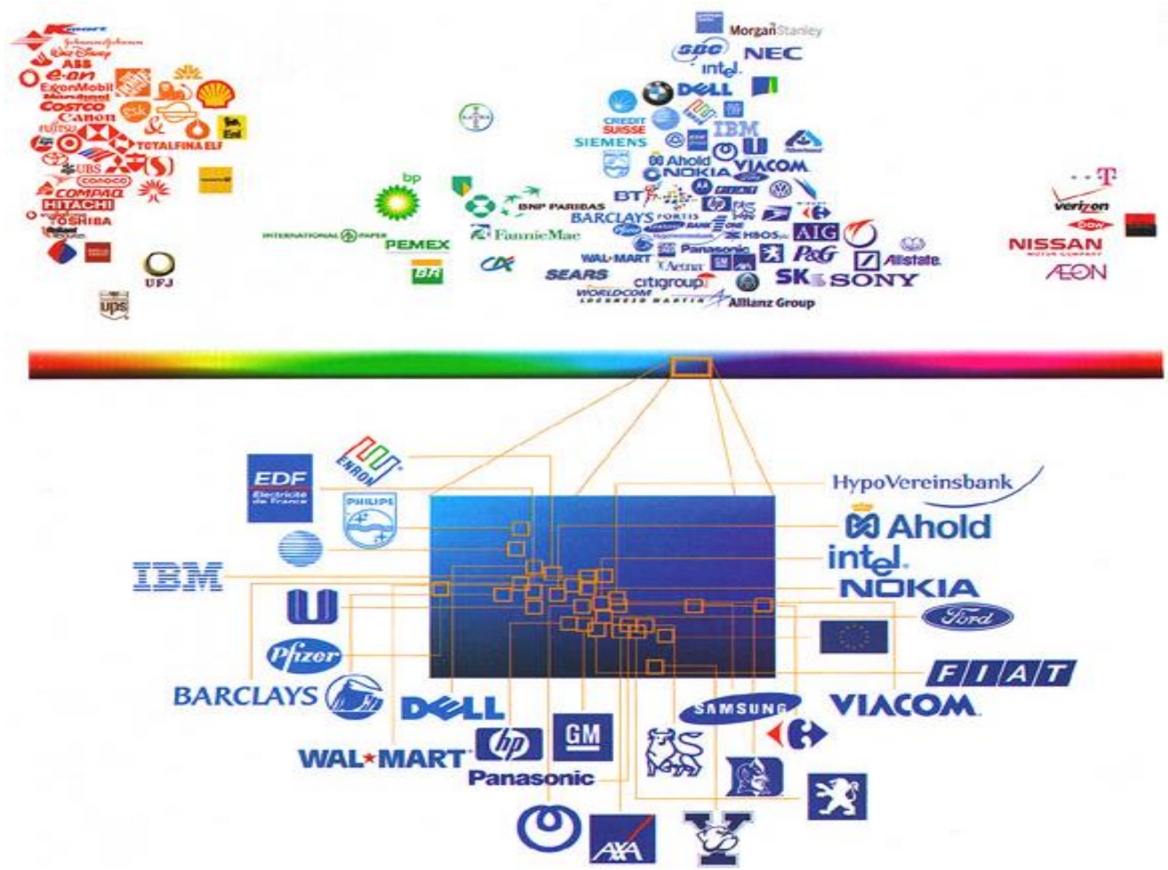
Finally it adds the content:

Choosing a Color

With today's technology, you can choose almost any color that you like for your brand.
Here is an overview of the top brands on the Internet and where they fall on the color spectrum:

(Source: http://www.colourlovers.com/business/blog/2010/09/15/the-most-powerful-colors-in-the-world; September 15, 2010)

You can see that blue and red dominate the spectrum. *Wired* magazine did a similar survey in 2003, focusing on corporate America. The picture was fairly similar, although slightly more conventional:



(Source: Wired Magazine, June 2003)

Keep this in mind when choosing a color: do you want to stand out or blend in with the pack? Pay particularly close attention to the colors that your competitors use.

Fonts

As a final note, let's talk about fonts. Fonts can be divided into two major categories. **Serif fonts**, with hooks on the ends of letters, are considered easier to read. (They are also known as Roman fonts.) Here are some examples:

Bookman

Courier

Garamond

Georgia

New York

Palatino

Times New Roman

Sans serif fonts (AKA Gothic fonts), however, tend to produce a cleaner look:

Arial

Calibri

Corbel

Gill Sans

Lucida Sans

Tahoma

Verdana

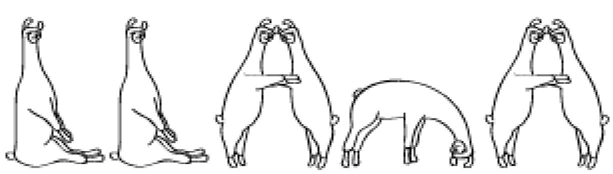
There are also plenty of **specialty and custom fonts** out there:

Chiller

Comic Sans MS

Edwardian Script

Katy Berry



Snap

Valerie Hand

The trick is in finding a font that is easy to read, yet is distinct, and matches your brand's look. It is important to choose a font that you can use consistently for all of your branding efforts. You also may need to get licensing permissions for some fonts. A graphic designer can help you with this!

Types of Visual Identities

Although you do need a graphic designer to create your visual identity, you should be aware of the different types of visual identities that are out there. Let's have a look at the four most common categories.

Simple Pictorial Mark

This is often what people think of when they think of a logo. It's a simple image or symbol that is chosen to represent the brand.

Examples

Apple	Greyhound	Target

Letterform

This approach takes one or more letters from the company name and turns it into art, essentially combining the brand name and the logo.

Examples

Dell	Sun Microsystems	Atari

Wordmark

Similar to the Letterform design, this approach makes art out of the entire company name.

Examples

Ikea	Sobeys	Levi’s Jeans

Emblems

The final major category is emblems, which combines a wordmark and symbol to create a unique visual identity.

Examples

Thomas Cook Travel	Visa	TiVo

Further Reading:

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