

N1078 Operations Management

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Group Coursework Report

FabricLand (Bournemouth) Ltd - Brighton Store

Executive Summary

This report explores the operations management activities of FabricLand Ltd Brighton store. It is a company established for over 30 years and which specialises in the retail of fabrics and haberdashery accessories. The Brighton store operates in a competitive environment characterised by low cost and high quality fabrics.

The company is struggling to keep up with the growing volume of customers, keeping costs low and maintaining dependability due to issues related to poor capacity management and high staff turnover. The report therefore examined the company's operations in terms of capacity management and process analysis. The first, in this context, relates to the number of staff and available resources, whilst the latter refers specifically to the business' chosen processing system and ability to use their inputs to deliver a great service.

Analysis of the company was undertaken using Operations Management tools and techniques, which included standard operations positioning tools such as Performance Objectives Transformation Process, Four Vs and the Hayes and Wheelwright model, and the analysis revealed the following key issues:

- The company does not currently meet some of its stated performance objectives
- The effective capacity of the company is impeded by limited staff
- Customer service is being unfortunately sacrificed

As a result of the analysis detailed in this report, the following suggestions were made:

- Greater emphasis should be placed on re-evaluating the staff to customer ratio so that the customers has a greater chance of being better informed
- Allowing the customer to fully benefit from the functional layout and be as independent as possible by using basic innovations like using signage to reduce confusion

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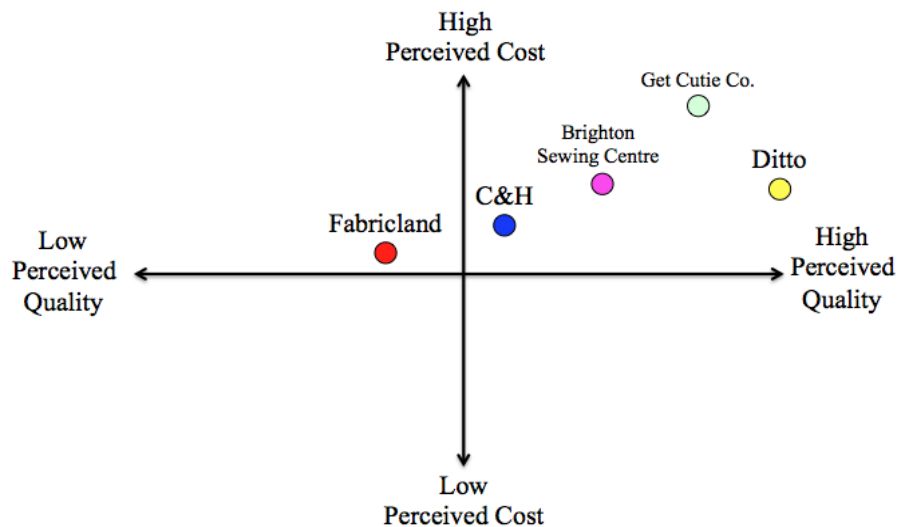
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1. Introduction

The principle of activity of FabricLand is the operation of retail outlets and importers of fabrics and haberdashery accessories. The retail sector was worth over £367b in 2013 - textiles, clothing and footwear accounted for £47.6b in 2013 (Mintel, 2013).

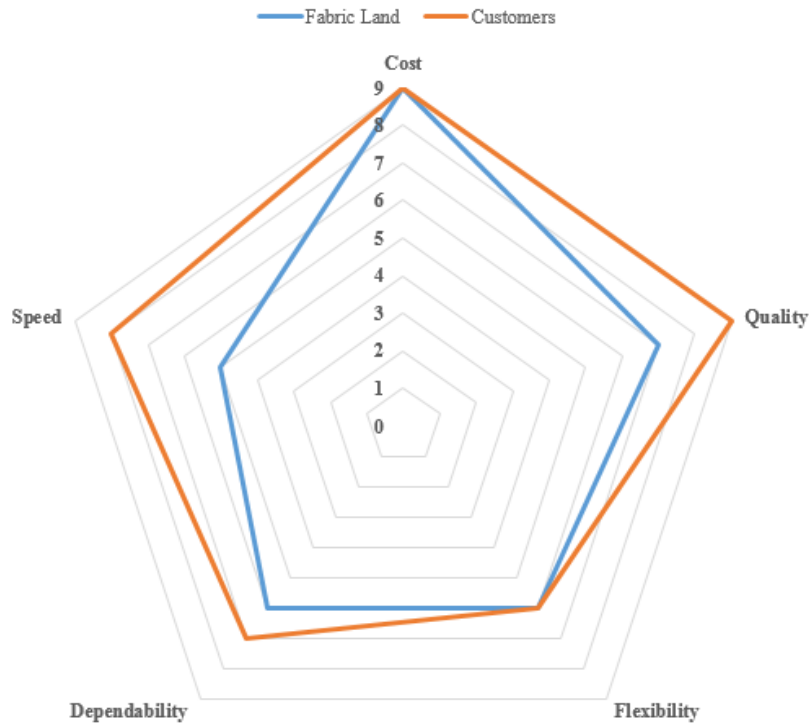
In 2014, FabricLand had a turnover of just over £7m, which is an increase from the previous year (Companies House, 2015) as such, have a very small share of the market of 0.15%.

1.1. Market Positioning



FabricLand is a family-run retailer and currently has nine outlets in the South of England, including Brighton. The Brighton store is supported by a head office based in Hampshire, which also manages and administers the mail order service. The company has been established for over 30 years, which indicates a good understanding of the fabric market and their target customer needs. As such, compared to their immediate competitors have positioned themselves in the market as a low cost fabrics retailer.

1.2. Performance Objectives & Perception FabricLand - Brighton



Their key performance objectives, specifically cost and quality, have and continue to influence their success in the market. Low prices are important to FabricLand customers as such the company aims to drive down the operating costs. The lower they keep their operating costs; the lower can the price be to their customers. Cost means different things in different operations, and in the case of FabricLand they aim to keep the costs of their fabrics, staff, overheads down in order to maximise profits. This is an important objective as they compete on price with other stores such as C&H Fabrics, Ditto, Brighton Sewing Centre and Get Cutie who are in the same geographical area.

1.3. Transformation Process

Their operations rely heavily on a small number of loyal staff, low capital investment and retail outlets to generate profits. This transformation process is illustrated in the Transformation Process Table below:

Inputs	Transformation Process	Outputs
<ul style="list-style-type: none"> • Loyal staff • Stock (fabric & haberdashery) • Outlets • Warehouse & H.O • Courier Service • Technology & Information Systems • Capital 	Retail of fabrics and haberdashery to a varied range of customers through friendly and reliable customer service in store and through mail order.	<p>Income from sales of fabric & haberdashery via outlets and mail order</p> <p>Loyal and dependent customers who are willing to be informed and happy quality of the products and service offered.</p>



The fabrics they sell vary in style and quality; this influences the price at which they sell per metre - for example the price of plain basic cotton fabrics starts from £2.69 per meter. However, as a whole, they are more mid-range in terms of quality and price. Their operations seek to satisfy customers through developing their performance objectives. Because their customers value low prices, the business has placed an emphasis on keeping its costs down, thus making them competitive. Whereas a company like C&H sells fabrics of similar quality but have a smaller range and have income from other product departments.

1.4. Four Vs

Volume	Variety	Variation in Demand	Visibility
Relatively High	Relatively High	Relatively Low	Relatively High
<p>This business is low cost to deliberately attract customers.</p> <p>Moreover a sign that this operation is high volume is the fact that the employees have very systematic, simple and repeatable tasks, which consists of measuring, cutting and bagging fabrics.</p>	<p>They are very flexible - their industry requires them to provide a wide range of haberdashery items to their clients.</p> <p>They change to cater to their customer's needs- if they'd like a fabric that FabricLand doesn't have they can order it for them.</p>	<p>There are aspects of this operation, which suggest that demand is not always met but the variation in demand is still considerably low.</p> <p>The business understands of the market and offers vouchers and coupons per season, and staff numbers vary according to the days of the week and hours of the day.</p>	<p>The process is dictated by the customer, as the layout is free-flowing.</p> <p>Everything is set out for the customer and designed around them. Most, if not all activities are clearly available to the customers- thus they could interject at any given time.</p>

Volume	
Variety	
Variation in Demand	
Visibility	

1.5. Hayes & Wheelwright Diagram

 Increasing Strategic Impact				Stage 4 Give an Operation Advantage
			Stage 3 Link Strategy with Operations	
		Stage 2 Adopt Best Practice		
	Stage 1 Correct Worst Problems			
	Internally Neutral	Externally Neutral	Internally Supportive	Externally Supportive
	Increasing Operation Capabilities 			

In relation to the Hayes & Wheelwright operations strategy, FabricLand is at stage 2, externally neutral. This means that the operations function tries to be as good as the competition, or to achieve parity with industry norms (Slack, et al; 2013, pp. 71-72). As such they have benchmarked operations against competitors such as C&H Fabric Ltd. This is because C&H Fabric Ltd has been established for a longer period, and have developed their brand. Although C&H Fabric Ltd began as a fabric retailer - fashion and gift ranges have also been added to the offer - including a coffee shop and are now important product departments for the company's turnover (C&H Fabrics Ltd; 2013).

Whereas FabricLand do not offer such products and mainly specialise in fabrics and haberdashery - keeping their costs low to stay competitive on price, but differ in variety of fabrics available and flexibility. For example FabricLand charge £2.69 per meter for basic cotton, which is a similar price to that of C&H Fabric Ltd. However, because the location and demographics of FabricLand customer seem to prefer outlets that are more quirky and less corporate. In order for FabricLand to move up the Hayes & Wheelwright model, they simply need to invest more capital into renovating and improving layout of store, redevelop website to the standard of their competitors and invest in staff training.

2. Methods

To evaluate and suggest relevant and achievable solutions to the operations of FabricLand it is best to look at both their Capacity Management and their Process Layout and Map.

In order to find the main pressing issues with the operations of this business, 8 visits to FabricLand were effectuated on different days of the week and at different times for a greater accuracy; so as not to jump to any un-backed conclusions and apply context to any inference made. Those days and their respective times are as follows:

- | | | | |
|-------------|---------------------------|------------|--------------------------|
| • Monday | 9 March 2015 at 11:30 | • Thursday | 2 April 2015 at 10:00 |
| • Tuesday | 24 March 2015 at 09:45 | • Friday | 30 January 2015 at 17:00 |
| | & 2 April 2015 at 16:30 | • Saturday | 7 March 2015 at 12:30 |
| • Wednesday | 11 February 2015 at 14:45 | • Sunday | 08 March 2015 at 13:00 |

To achieve concordance in the results and to be able to control as many variables as possible, it was best to experience the operations every day of the week, and to also look at the layout of the outlet and a typical experience in this business.

2.1. Capacity Management

When choosing an appropriate solution or suggestion apt enough for this small family-run establishment it is necessary to evaluate the business' capacity, focussing greatly on their available resources which they use to deliver the performance objectives, and make sure that the suggestions made do not represent added costs to their existing ones but rather positive changes resulting in a more effective and efficient operation.

2.2. Design Layout and Process Mapping

The design layout and mapping process enables clearer visualisation of the process and identifying occurrence of delays - it is more convenient to select times at which the business could improve best. Timing these visits and linking them with the process mapping, it is easier to pinpoint the key issues of the operation then improving them for greater customer satisfaction.

3. Analysis

In this section are the observations and results laid together in order to deliver meet the demands of their market, in concordance with the layout of the service, to be able to find actual solutions to the business maximum output.

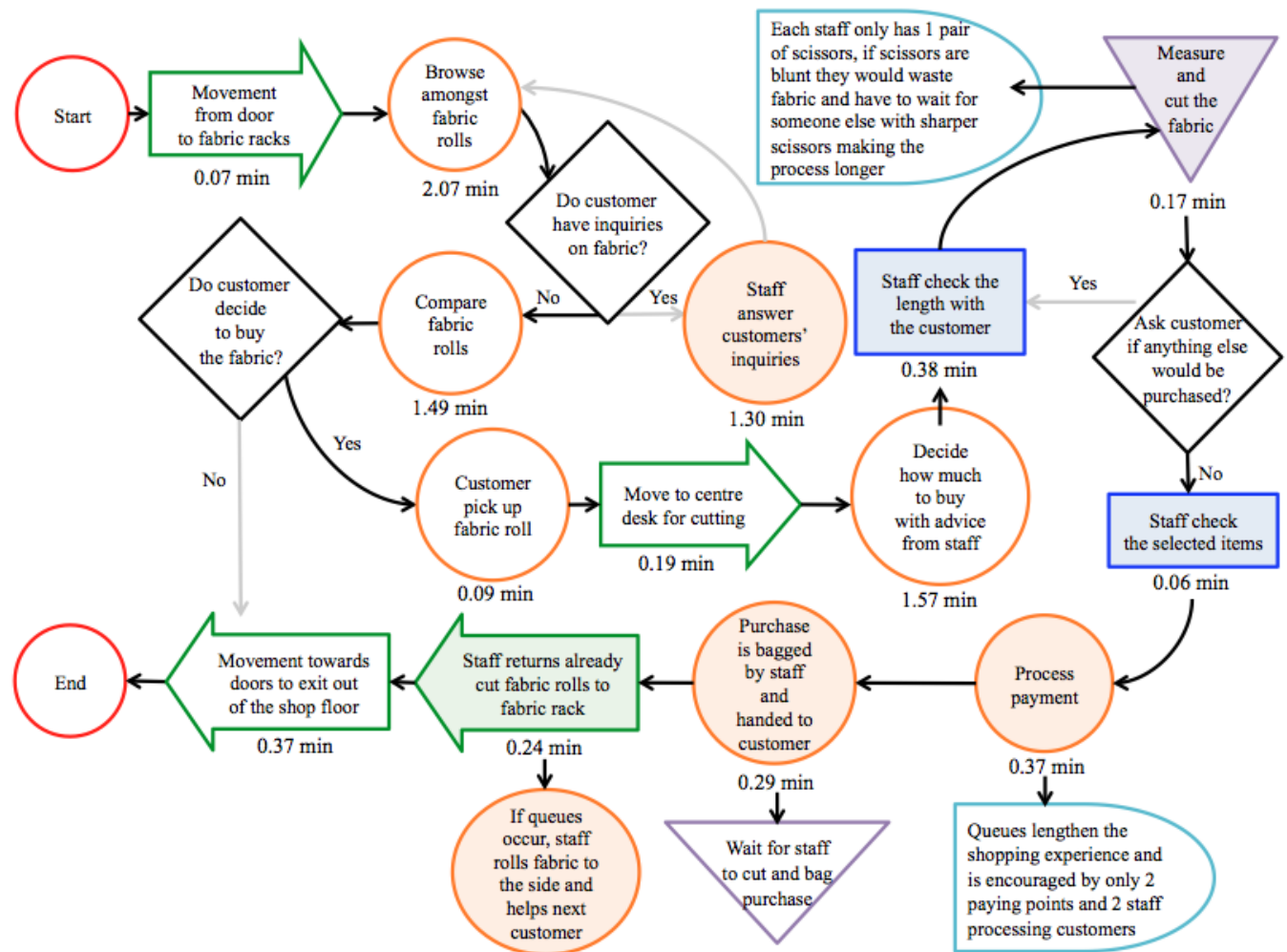
The business has 3 main activities: in-store operation (G/F and 1/F) and online operation.

3.1. Operation on Ground Floor

The first and most interactive with the customer is the operation, which occurs on the ground floor of their outlet. Here most delays within the operation occur not because of the operation system being at fault but rather on the customer's part. It relies heavily on the customer browsing and hopefully purchasing; so there's no time limit allocated to this activity. Delays happen when a customer takes too long to choose a particular fabric thus slowing down the whole process and making other customers wait in line just to look at the fabrics.

However, a broken card payment machine and blunt scissors (i.e. when cutting fabric for a customer) are delays, which are directly part of the operation.

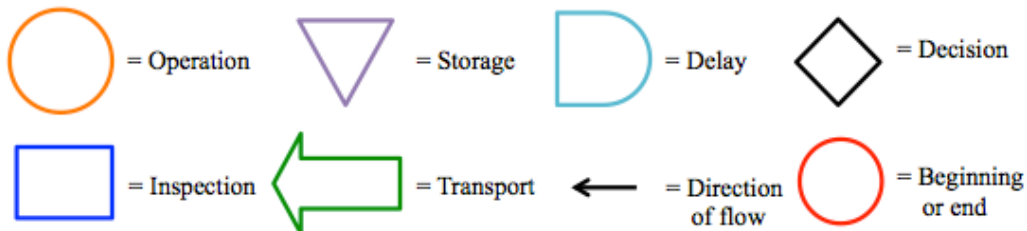
The number of staff working at any busy time could also be an inefficiency and liability for the whole operation as it limits the quality of customer service one is to expect from this business. At their busiest, the Saturday visit at 12:30, there are 3 staff present on the ground floor, with similar roles - to process purchases and aid customers with any inquiries.



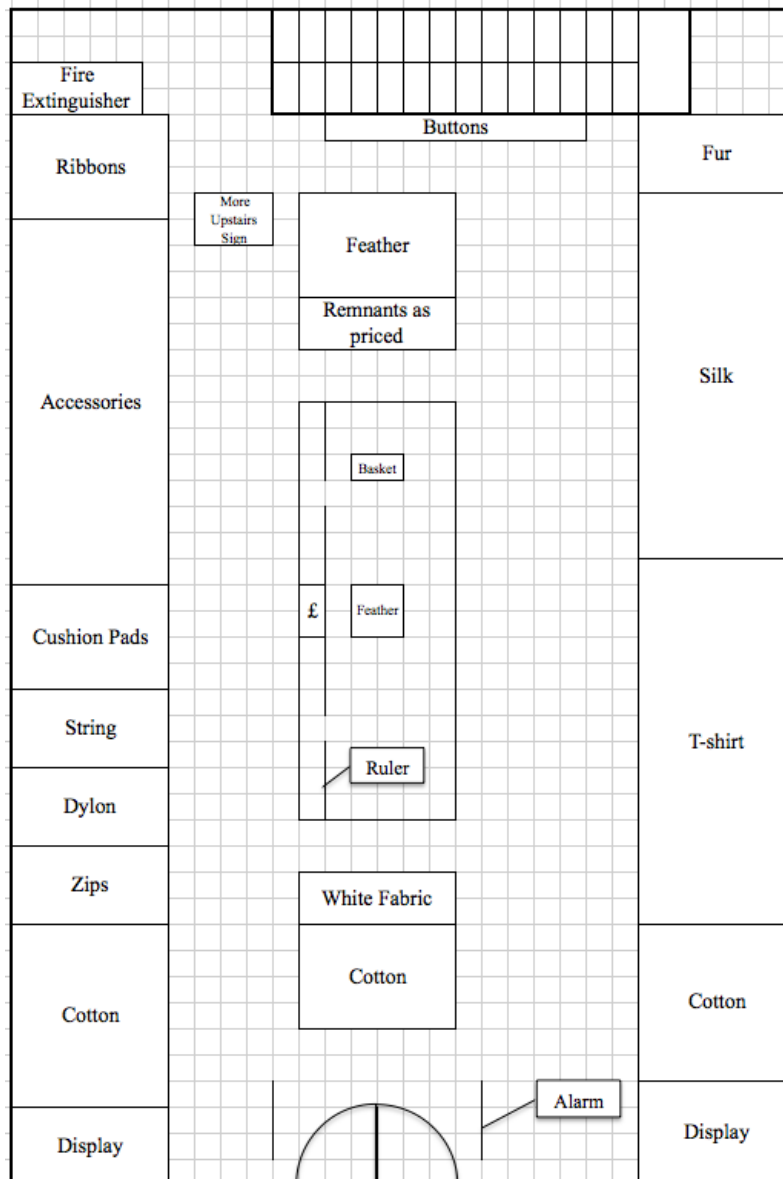
Operation Process Mapping (Ground Floor)

Note

- Shape with colour in it = Perform by Staff
- Shape with no colour in it = Perform by Customer



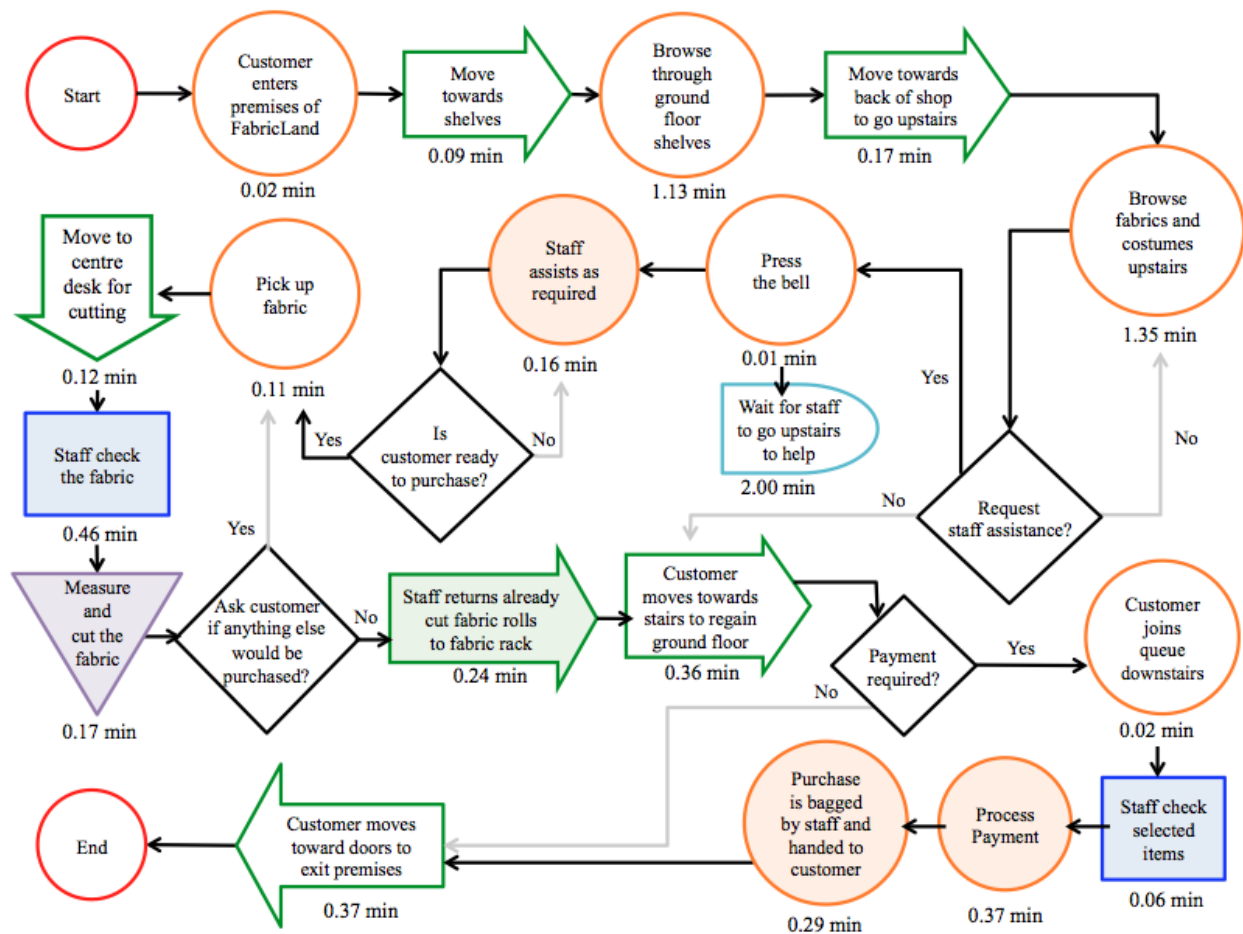
The process map was effectuated on the Thursday at 10:00. Being an early visit, the customer going into the shop at this hour would get more attention from the staff members as there is not such a great flow of customers. Moreover this is during the working week so there is a small flow of customers. Hence, the visit is very fast.



Floor Plan of FabricLand (Ground Floor)

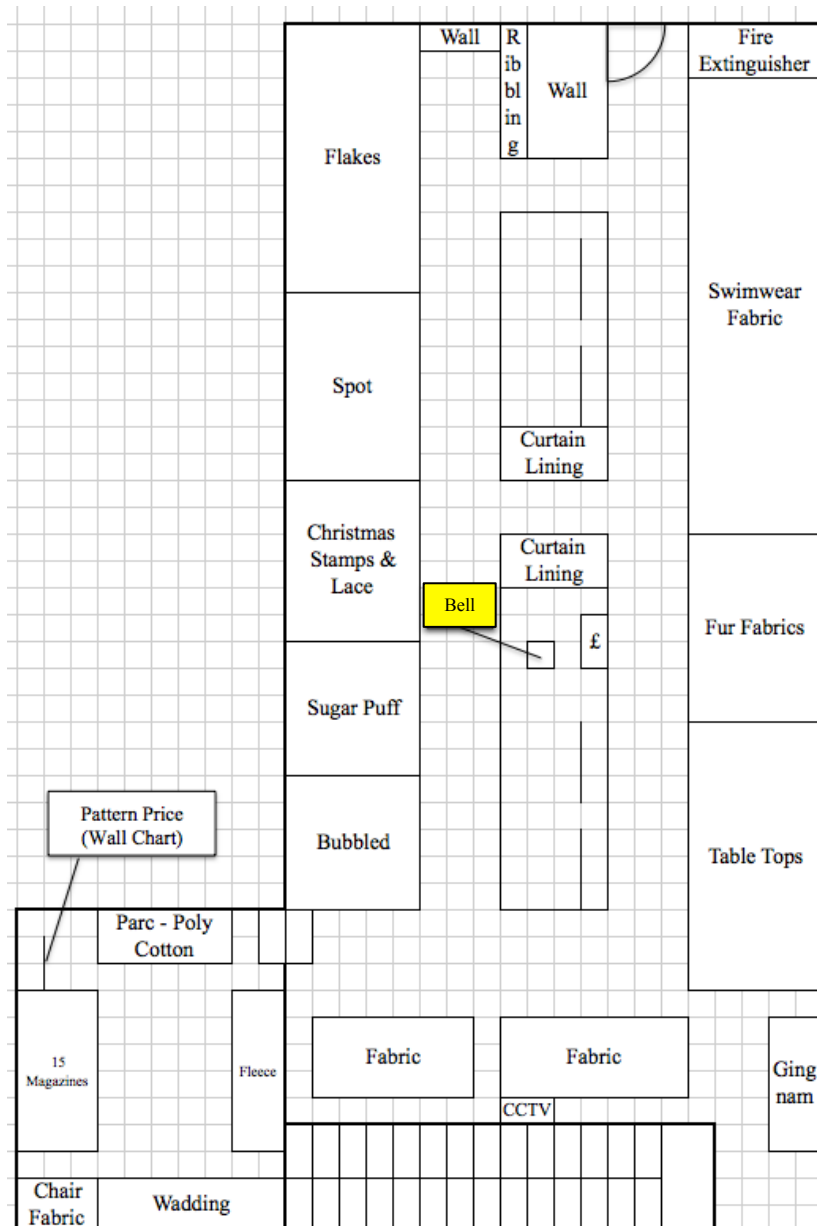
3.2. Operation on First Floor

The second operation, which does include and position the customer at the centre, takes place on the first floor of their town shop. This is not as used as the ground floor, but the problems of this second operation occur most often on busy days.



Operation Process Mapping (First Floor)

A bell system is put in place to call staff to customers upstairs. A wait is required as staff generally tend to be on the ground floor where there are more customers, but because of this in particular customers can wait as long as 3 minutes to be attended to.



Floor Plan of FabricLand (First Floor)

3.3. Online Operation

Lastly, this haberdashery also operates on the Internet. They regularly receive orders from clients via their website. Here, though the customer cannot physically see what happens behind the scenes, they still expect attentive staff, which unfortunately was not something that could be testified to from our point of view. The business promises to respond to inquiries within 2 hours; but that was not done.

Assuming that this may be because the business is monitored in such a way that unless the queries relate to purchasing; it is not a pressing issue for them. The question referred to a possible private interview.

4. Recommendation

The performance objectives were done twice, the first from the point of view of the customer - the question answered here was:

What would the customer want from such a business?

And the second, from personal experiences at FabricLand, was to evaluate what exactly the business provided during the visits; which answered the question:

What does the business offer to its customers?

From the evaluation produced, there are gaps between the requests from customers and what the business currently offers. Moreover these are especially heightened when compared to C&H Fabrics and Ditto, which are both businesses with similar services operating in the same area.

The speed and the dependability were the performance objectives, which did not meet the customer's demand. This could be because of the lack of staff members available to help customers.

The low rating of dependability stems from the inability of the business to attend to customers whenever necessary, which is linked to the speed factor. Unlike C&H Fabrics, where staff members approach customers ready to help with any inquiries, the staff members remain at their stations - the centre desk, and only come to customers when called.

To compare them to C&H Fabrics, you have to factorise the actuality that this competitor is a greater brand, and their Unique Selling Point when competing against Ditto is that they are better located. One suggestion, which would help solve both of these objectives, is using volunteers on busy days.

Brighton & Hove has a population of 15-19 years old and 20-24 years old which is greater than that of the South East community and the national distribution altogether (Brighton & Hove Council, 2011). This means the percentage of young people in Brighton & Hove exceeds the percentage of the other counties in the rest of England, which would present an opportunity for young people to gain experience in the Retail and Fashion industry but also help deliver better customer service and meet the customer's needs without increasing their costs - there is no salary requirement.

The gap, which occurs in the demand and supply abilities of the quality objective, could be interpreted as a lack of knowledge. Most people assume that some departments must have excellent quality. For example, when buying silk, the finest quality is expected. But the problem is that customers are unaware that variations of that fabric mimicking its qualities exist and since FabricLand knows that cost is important to their customers; they provide the more affordable option, which is not relayed back to the customer. More information available to customers would be very important here, as again linking back to the business' available resources, better trained staff members or Textile/ Fashion students as they already possess the knowledge and information which they could confidently rely to customers thus cutting down the waiting time just to ask questions.

Originally an interview was planned with FabricLand to find out about their supply network, but since this was unobtainable from any staff members, without attracting suspicions, and because this particular information was not available on their website, the approach changed so that the report solely focuses on the operations within the outlet.

The layout of this shop is a functional layout, so that everything is there for the customers and the staff; there is limited movement involved on both parts, which allows for greater volume. However, as previously stated, queues occur when there is great flow of customers and whilst they cannot hurry their customers, at a risk of losing potential sales, including signage in their shop would help to reduce this delay. Visible labels clearly naming the fabrics and preferably colour categorised by just above their locations would eliminate the need to approach the stations, turn over the small tag to figure out what kind of fabric it actually is, and reduce staff duties allowing concentrations on more pertinent activities, as shown below:

4.1. In-store Signage



Original Store Layout



Store Layout with In-Store Signage

If FabricLand applies the in-store signage starting from 1 January 2016, the estimated time saved for the year is 282 hours. The staff can then use these in serving other customers while delivering excellent customer service and taking great care on work on other duties. The calculation is as follows:

Opening hours

- Weekdays: Monday to Saturday 09:15 to 17:30 (8 hrs & 15 mins)
- Weekends: Sunday 11:00 to 17:00 (6 hrs)

No. of person ask the staff about the location of the fabric

- in weekdays on average 100 person
- in weekends on average 60 person

The average time spent in answering customers about the location of the fabric is 0.49 min.

Assume the store opens everyday in 2016, which has 366 days,

Time saved in:

Weekdays = $0.49 \text{ min} * 100 \text{ person} = 49 \text{ mins} / \text{day} * 314 \text{ days} = 15,386 \text{ mins}$

Weekends = $0.49 \text{ min} * 60 \text{ person} = 29.4 \text{ mins} / \text{day} * 52 \text{ days} = 1,528.8 \text{ mins}$

Hence, the time saved for 2016 is:

= Weekdays + Weekends

= $15,386 \text{ mins} + 1,528.8 \text{ mins}$

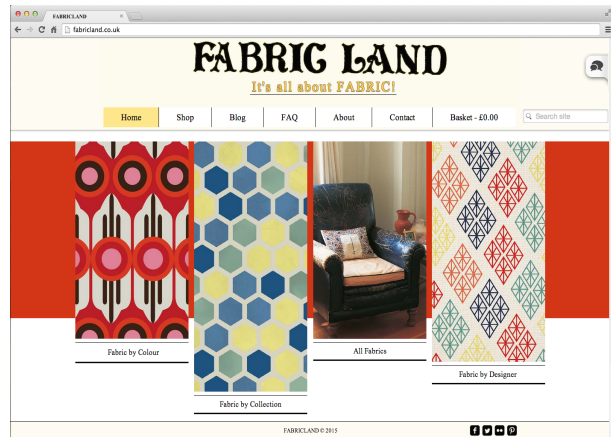
= $16,914.8 \text{ mins} / \text{year}$

= Approx. 282 hrs / year

4.2. Website Design



Current Website



New Website Design

The new website design is to enhance customer's online shopping experience. The first phase of the website improvement does not require much resources e.g. labour and budget, which is as follows:

First Phase of Website Improvement

Functions for New Website	Description	How does it benefit the customer?
Categorised items: by colour, collection, fabrics and designer	<ul style="list-style-type: none"> Quickly identify and associate with related items 	<ul style="list-style-type: none"> Allow customers to search the fabrics they want based on their preference
FAQ	<ul style="list-style-type: none"> Include questions that customers ask most often and provide corresponding answers Save emails and phone calls fielding the same questions 	<ul style="list-style-type: none"> Answer most of the customers' enquiries 24/7

Functions for New Website	Description	How does it benefit the customer?
Search function	<ul style="list-style-type: none"> Search the content of the web pages by specific words or phrases 	<ul style="list-style-type: none"> Allow readers to have more interactivity with the site Help users to find content efficiently Allow customers to locate the content they want without the need of understanding or navigating through the structure of the website
Social media: Facebook, Twitter	<ul style="list-style-type: none"> Update in every 2 days Share interesting stories about the store or about fabrics Put new arrival of fabrics on the social media 	<ul style="list-style-type: none"> Remind customers of the new arrival of fabrics

Second Phase of Website Improvement

The second phase of the website improvement requires more resources e.g. labour and budget:

Functions for New Website	Description	How does it benefit the customer?
Online Basket	<ul style="list-style-type: none"> Customers can select the items they want and checkout online Accept debit/ credit card payment or Paypal <p>[FabricLand needs to pay charges to credit card company / Paypal]</p>	<ul style="list-style-type: none"> Allow customers to shop 24/7

Functions for New Website	Description	How does it benefit the customer?
Blog	<ul style="list-style-type: none"> • Share articles about fabrics with customers • Provide trends and samples as for customer reference [Need additional staff to write the articles]	<ul style="list-style-type: none"> • Customers can leave their comments on the blog to share their experience • Provide ideas for customers
Instant response to enquiries	<ul style="list-style-type: none"> • Provide instant response to specific customers • Offers measurable results [Need additional staff to reply enquiries]	<ul style="list-style-type: none"> • Enable customers to develop relationships with the brand

5. Conclusion

To conclude, FabricLand offers a good service and is able to deliver on demand however to achieve optimum satisfaction from the customer's viewpoint the inefficiencies established in the operations and set out in this report need to be clarified else they will inhibit the business from achieving their outputs at a maximum level.

The limited number of staff presents a great problem and almost hinders the customers from having an enjoyable experience. Though they have chosen a high volume operation some basic aspect of customer service need to be available to the customer.

Regardless of the industry, there is one key phrase, which all businesses must keep at the centre of their operations and any future ventures;

The customer is king,

Meaning that the speed and dependability objectives must be met as this is what they are mainly competing on. Simple aspects and details have been looked over but reintroducing them back into their operation strategy would aid in closing that gap between what they think their customers want and the actuality of this topic.

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