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**Title:** Business Project: Feore' Garden Flower Shop

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**Final Report: How to increase the Fiore' Garden's market share and brand image.**

**Business Project: 200829**

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## I. Executive summary

The aim of this report is to provide the full detail of the business project fixing the earlier addressed problems of the Fiore' Garden. This paper will first discuss the brief general information pertaining to the company and the issues emerging during its operation; and then use the theoretical frameworks to test the business activities. To examine the full situation of the company, this paper will employ an additional theoretical model, by Albert Humphrey, the SWOT analysis. Then, the well-analyzed proposed solutions as well as recommendations are proposed in detail. As recommended, Fiore' Garden should improve many aspects of its operations ranging from the firm's structure, human resources, logistics, and technologies. Moreover, the expected risks of each solution is also addressed in order to let the managers be aware of some potential negative consequences when the solutions are applied. At the end of the report, the requested budget is presented with the differentiated type of expenses that the firm will face now and in the future on the top of current operating expenses.

### Introduction

As Cambodia is developing and transforming from a low-income country into a medium-low income country with average economic growth of 7% per annum, it attracts a lot of foreign direct investments from all over the world (Cambodia, 2016). At the same time, medium to high-income Cambodians residing in the city are looking to consume good quality and stylish products.

To satisfy these demands, Fiore' Garden was established to provide Cambodians with the unique and stylish of best quality floral products and special event decorations and designs, raw materials of which are imported from well-known countries. Because the company has been existed for less than a year, there are many problems that the firm is facing and needed to be corrected in order to achieve certain targets. The problems listed below are what the company is facing and need to be fixed by the recommendations in this report:

**-Logistics Issue:** the company has an inefficient and ineffective supply chain system. The shipment methods of the raw materials from its suppliers are taking longer than expected, which sometimes result in late delivery of the finished products to the customers. Due to longer

shipping of the raw materials, some flowers end up in a not-fresh condition, and sometimes could not be able to use in the production process.

**-Floral Product problems:** The company is not able to offer its customers up-to-date designs and decorations of the floral products. Currently, according to the customer's complaints, it is perceived to provide out-of-date and old-fashioned products. This is the critical problem that causes Fiore' Garden to not be able to attract more potential customers.

**-Market position issue:** Because of the above issues, the company is not able to compete with other competitors using differentiation strategy, which allows the firm to set higher price. In turn, the company has no other options but to use cost-leadership as its main strategy. Due to the short period of its establishment, this competitive advantage is not really effective. Moreover, the company doesn't have a particular marketing strategy rather than using social media such as Facebook and Instagram to reach out to customers.

Because of the issues above, the company is not able to expand more market share from its rivals. As estimated by the research team of the shop owner, the company is currently controlling just **13%** of the total market share.

## **II. Objectives of the report**

By fixing all of the mentioned problems, Fiore' Garden is expected to achieve the follow outcomes:

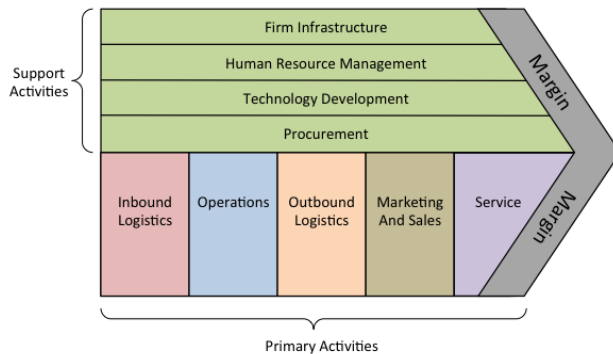
- **Restore the best quality of the floral products promised to deliver to its customers**
- **Offer a variety of choices of the designs and decorations of the floral products.**
- **Able to capture approximately 25% of the market share by the end of 2017.**
- **Differentiate its brand name from its potential rivals, which allows it to be able to charge its customers higher prices.**

## **III. Frameworks**

In order to test the problems, two frameworks are used to test the company's activities, which are Michael Porter's Value Chain model and SWOT Analysis model. The Michael Porter's Value Chain model is already used to demonstrate in the early report. However, in this report, we will briefly mention gain along with the full detailed of the new framework, SWOT Analysis.

### **A. Michael Porter's Value Chain**

Value Chain models is the powerful tool used to test the emerging problems of a company. The model is able to examine two big separate activities such as the primary activities and the supportive activities (Mind Tools Editorial Team, 2016).



### Primary Activities

- **Inbound Logistics:** the company is failing to control its logistics effectively and therefore it results in late delivery of its raw materials from its suppliers.
- **Operations:** due to occasionally late delivery of its raw materials, the firm is not able to operate its business smoothly. Sometimes it faces many complaints from the customers about the poor quality of the floral products.
- **Outbound Logistics:** the firm is currently targeting to retail customers only. However, it is planning to cooperate with major restaurants and stores for boosting up package sales.
- **Customer service:** the customer service of the company is doing quite well. Customers are advised to check their products and services thoroughly and encouraged to ask for readjustment to satisfy their needs. The company also provides the price-matching program.

### Supportive Activities

- **Firm's structure:** the firm does not have an effective and efficient structure. Some employees are asked to handle many tasks at once. And because it is a small company, more like a family-owned business, the number of staff is varying from season to season depending on the customer orders during that period.
- **Human Resource Management:** all management and decoration staff is highly trained in a famous floral decorating and event planning school in Bangkok, Thailand. Nevertheless, more training is required regularly in order to satisfy needs in future.
- **Technology:** there are some basic technologies are used in this business such as unarmful chemical products used to preserve the floral products longer. However, there are more different technologies needed to enhance the quality of the products and ease the operation smoothly. More recommended technologies are suggested in detail in the potential solution section.

## B. SWOT Analysis

The SWOT Analysis, by Albert Humphrey, is used to the Fiore' Garden's strength, weakness, opportunity, and threat that impact the company operation. By employing this powerful framework, it allows Fiore' Garden to craft a strategy that could help the company distinguish itself from its competitors, and therefore compete effectively in the market. Below is the detailed SWOT analysis for Fiore' Garden:



(SWOT Analysis, 2016)

### Strength:

Because Fiore' Garden is a young startup company, which established less than a year, the company strength is not really robust compared to its competitors.

- **Location:** The company is located in the central of the city where it can acquire a reasonable operating space with an affordable cost. The location could provide easy access to potential customers from any areas of the city.
- **Exclusive floral packages:** The company provides customers unique products such as exclusive packages of floral products that its competitors have never offered before.

### Weakness:

As observed, Fiore' Garden possesses more weakness than strength.

- **Logistics:** The logistics management is quit ineffective. For instance, it is facing the late deliveries to customers since the raw materials and products orders from the suppliers take more time than expected.
- **Employee management:** Because the company employs staff based on seasonal period, which is fluctuating from time to time, its employees are working ineffectively that could lead to deliver the customer orders not on time and poor quality of the products.

### Opportunity:

Based on the research, the company seems to see a great many of opportunities in its market, which it could grab and expand in the near future.

- **Market share:** Since Cambodian people are westernizing and obsessing with their life-style changing, the firm is able to increase more sales by providing the new and modern styles of its floral designs and decoration. The popularity in embracing contemporary technologies such as mobile technologies and social media among Cambodian people could help Fiore' Garden interact easily with its customers and suppliers.
- **Regulations and tax:** The Cambodian government policies are also playing an important role in encouraging all kinds of business operations in order to boost up the local economy. Therefore, the small and medium businesses are subject to pay less tax.

### Threat:

At the same time, the company is also facing the outside threats as well. Because Fiore' Garden has just started up less than a year, it has to compete tensely with the well existing rivals.

- **Weak customer relationship:** Trying to capture the market share is a bit hard since establishing and building customer relationship take more time than one year. The company needs to employ effective marketing strategy and loyalty programs to tide up with the customers.
- **Short-term contract:** Company is also facing the location threat as well since the rent contract with landlord is for short- term period only. This can cause Fiore' Garden to face higher rent or relocation to less advantageous location.

## **IV. Potential Solutions**

In order to solve all of the addressed issues and to achieve the business targets above, Fiore' Garden has to scrutinize some management and operation aspects of the company. Below are the suggested scopes that the firm should consider. All of the suggested scopes will be analyzed into detail with the expected costs of applying.

### **A. Company Structure**

As found out in the research, the company doesn't have a specific structure that would support the whole organization effectively. An individual is sometimes asked to perform 2 or 3 tasks at once, which slowdowns the operation. There are 8 people who are working as permanent employees and the other 8 to 10 workers are working as casual or contractual workers depending on business seasons. As interviewed with the shop owners, the 8 permanent workers, including the shop owners, are not clearly defined their tasks. Therefore, the suggestions bellow will help the 8 permanent employees separate and understand their roles and tasks clearly.



Suggested positions:

\* **1 General manager:** responsible for general problems emerging in the company and planning general plans and targets in order to capture the desired goals. He/she will most of the times meeting with customers for sales negotiation.

\* **1 Financial and accounting manager:** responsible for financial targets, the standardized accounting practices, and any issues related to health of the business cash flows.

\* **1 purchasing manager and 1 assistant:** This manager and staff are accountable for selecting and making purchases of raw materials. They are also responsible for researching on the price and quality of the products.

\* **1 decorating manager and 1 event planning manager:** these two managers are the most important staff among others. They are in charge of providing customers a variety of floral products, scheduling training classes, and surveying the customer's satisfaction. They are also in charge of recruiting new staff since they would understand which new recruits perform well in the decoration and design tasks.

\* **1 marketing manager:** Advertising, finding new partners, informing customers, and promoting sales are what this manager would be responsible for. He/she is also in charge in setting advertising methods. Another important task is to assess and survey the potential competitors' performance.

\* **1 Logistics manager:** this manager will be accountable for the shipment of the raw materials from suppliers and the product delivery to customers. Logistics can be disastrous if the manager is not performing well, which can impact other operations. Further suggestions will be made for this manager in Logistics section below.

**- Estimated risk:**

Even though the company's structure has to be specific, the procedure has to be done correctly, otherwise it will face some issues below:

Low moral: When tasks are specialized, some employees may feel bored in doing their repetitive tasks, which leads to high absenteeism and disaffection in the long run. Sometimes, when the firm's structure is more bureaucratic, employees will be passive, helpless, and unable to set goals different from the organization (OCCUPYTHEORY, 2014).

Difficulty in innovating and maneuvering: although Fore' Garden is a small company with small structure, if it is not done correctly (too bureaucratic), the disempowered staff will lack of freedom to change or absorb something new. In this case, the organization is more rigid to catch up with something new.

## **B. Logistics**

The shipment of the raw material is deemed to be disastrous due to the lack of logistics management skill and human resources. Therefore, Fiore' Garden is advised to add two more staff responsible for the raw-material shipments.

### -Benefit of adding procurement and logistics team:

By forming this team, the shipments of the raw material are expected to be managed effectively, and secure the quality and time delivery of the final products to customers, meaning that all of the shipments would be on time with expected quality of the goods. This team is accountable for product selection, ordering, and shipping management.

### -Estimated cost and time:

Adding procurement and logistics team is not an easy process. This process is time-consuming and requires more costs. From the initial plan, the procurement and logistics team should be made up of three people to run and maintain the shipments from the suppliers efficiently. However, at the moment as reevaluating the costs and the company size, the procurement and logistics team can be reduced to just two people, by reserving the same effectiveness and efficiency of their tasks. By reducing the staff, the cost involved in this process may reduce. However, the team may need three months in training including building relationship with the suppliers and shipping companies.

### -Expected risks:

Delay: whenever an organization forms a team, it should expect any kind of delays in new ideas, implementations, and results. This is because generally it requires some agreement within the team members. In order to overcome these risks, the organization should setup rigid policies in order to make the team meeting more effective. Each discussion and meeting should be based in the organization's goals and objectives (Bass, M n d).

Conflict: putting a group of people together always results in conflicts. There are many different types of conflicts. However, Fore' Garden's team seems to likely occurs two types of conflicts which are cognitive and affective conflicts. Cognitive conflict results from emerging in disagreement among team members' ideas. Whereas, affective conflicts occur when there are differences in the team member's personalities. However, both conflicts should be resolved immediately (Bass, M n d).

## C. Human Resource

Human Resource are mostly handled by the decoration and event planning design managers since they are the most competent people to recruit the part-time and contractual employees who they deem suitable for the tasks. Furthermore, as the competition in this market gets more intense as well as essential for the company to provides customers a variety of up-to-date floral products as it's promised, designs and decorations employees are regularly needed to get trained. Below are the suggestions and recommendations for the Human Resource tasks.

**-Suggestions:** to have the design and decoration staff of 2 people trained quarterly in order to be able to offer the customers the best and latest floral designs and decorations. After completing the training course, the two trained employees will be tasked to train the rest of the untrained team in the company. Furthermore, this training process may involve cost since the training is made in Thailand, which includes the travel costs and the decoration & design course fee.

**-Features of the training course and the Expected costs:** According to the floral decoration and design course in Thailand, the training of the updated floral designs and decorations may take 6 hours, which costs \$100 (3000Bath) per trainee. The travel cost for this expedition including food and hospitality, and transportation fare is estimated around \$200 per person. Therefore, the estimated cost for quarterly training for 2 trainees is around **\$600**.

**-Estimated risks:** Since the training is suggested to conduct quarterly the risk involved in this process is the costs. For the training for the updated designs and decorations is as low as \$600 for 2 trainees. However, the training costs could vary depending on if the trainees are new student or existing students who are familiar with the basic course.

## D. Technologies

### a. *Walk-In cooler*

In order to preserve the quality of the raw materials and to avoid the late shipping incident from the suppliers, Fiore' Garden is suggested to build a walk-in-120m<sup>3</sup> refrigerator (4mx5mx6m). Because the store area is quite small, the size of the suggested machinery would be suitable to build in the store. There is no need additional space besides the store's area to put-in this machinery.

**-Advantage:** By equipping this piece of machinery in store, Fiore' Garden is able to save shipping cost estimated by 20%. In this case, the frequency of shipping the raw materials from the suppliers will be cut by 20% to 30%. On the other hand, the condition of the floral products is also improved due to the ability to preserve the quality of flowers. In this sense, the floral products are guaranteed to have best quality for 6 to 7 days if they are stored in the cooling refrigerator.

**-Expected costs and times:** According to the interview with a local refrigerator and Air-conditioner Company in Cambodia, this type of machinery with the specific description above would cost around **\$3500**, installation fee would cost **\$500**. Therefore, the total cost of the getting this walk-in cooler ready to work is around **\$4000**. The installation of the machine would take from 4 to 6 days.

**-Capacity:** The suggested walk-in cooler is able to store up to 150 floral items including raw materials and final products ready to delivery to customers.



**-Expected Risks:** when this new piece of equipment is installed in the shop, the shop's electricity bill is expected to increase by 30% of the original bill. Furthermore, this walk-in cooler is required the general maintenance for every six months.

#### ***a. company mobile App:***

Up until the present, it is observed that its staff, partners, suppliers, and customers are communicating ineffectively. To solve this problem, the company is suggested to create a mobile application that would allow its stakeholders to interact with the firm more effectively. In this case, the use of this essential software can boost up its sales since the updated styles and designs, price, and promotions are informed promptly within the app interfaces.

#### ***Cost and features of building the company's App:***

According to the research Astegic, building an app for a particular business company is depending on how complex and sophisticate the app is (2013). The more complex the app, the more time and effort will be required to spend on creating it, and therefore the more costs will be charged. On average, the cost of creating an app is around USD 6000. However, an

estimated cost of building the business app for Fiore' Garden is around USD 2000 or cheaper since the company don't really need a sophisticated app yet. The app should consist of simple and easy-navigating features as follow:

- Home p: where the company can show its current specials, events, and updated products for the customers. It also can list a bunch of hot and popular products that would suggest them to the customers.
- Products: Fiore' garden can simply upload the samples of variety of products and styles.
- Videos and tutorials: to make the app more attractive, the company can simply create simple tutorials videos of showing the customers how to design and decorate their floral products.
- Contact information: the company contact information such as phone number, email, Facebook page, and so on will be displayed under this tap.

#### **-Estimated Risk:**

Because the cost of building the mobile app is every expensive, for now, the company may devote its allocated resources to have the IOS platform designed and built only for its stakeholders who are using Apple's mobile devices. In this case, the company may lose the benefit of interacting with any stakeholder who is using other platforms such as android, windows, and blackberry.

### **V. Proposed budget:**

Overall, based on the estimated solutions examined above, the improving on the business operation requires time and costs. There are two types of cost involved, which are one-time and continuous costs. The one-time costs are the expenses related to purchasing of the new equipment and technologies to assist in the business operating. Whereas, the continuous costs associate with additional expenses when staff training and new team is formed. This type of expense will last until the firm decides to terminate the program or dismiss the team.

- One-time costs: in the potential solutions above, the one-time costs to buy the walk-in cooler and to build the company's mobile application is: **\$4000 + \$2000= \$6000**
- Continuous costs: These costs include the costs of adding two logistics members and the training expenses. Since the training cost is calculated quarterly, the total continuous costs are suggested to convert quarterly as well. Therefore, the total continuous cost is:  $(\$200\text{per head} * 3 \text{ months}) + (2 \text{ people} * \$300 \text{ per head}) = \textbf{\$1200 quarterly}$

### **VI. Recommendation**

After listing the detail of potential solutions that could guarantee to help the company achieve the proposed objectives, it is recommended for Fiore' Garden to take the walk-

in cooler and the company's mobile application into its account seriously since they are one-time-payment solutions, which can benefit the company in long-run in the future. On the other hand, the continues-cost-related solutions can be applied now as recommended or can be reduced or adjusted in the long-run as needed. Whereas, the changing in the company's structure is also an essential suggestion that the firm should consider critically since it may demand more attention on risks and time-consuming to have the members adapted to the company's new environment. If done improperly, it would jeopardize the whole company. Moreover, the company may take the financial risk into its account if it has to borrow some loans to fund this project. The financial risk may increase the company risk but it may help the firm magnify the return as well.

## **VII. Conclusion**

Fixing all of the proposed problems not also seems to be costly and time consuming, but it also requires full cooperation among the employers and staff in the firm.

Nevertheless, because Fiore' Garden is a small and young start-up firm, it seems to be more flexible to be applied these some changes. By implementing all of the above recommendations and assessing the estimated risks involved, the company is **95%** sure to achieve the provision of the best quality products with a variety of products to customers. By the end of 2017, the firm is guaranteed to capture **25%** or more of the total market share and be able to differentiate its brand image from its rivals.

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