

## PRECOCINADOS DOÑA CARMEN<sup>1</sup>

After studying at one of the most prestigious business schools in Southern Spain, Laura Díez was determined to discover the most hidden secrets of the processes taking place in her company. She was convinced that the better she knew them, the easier it would be for her to improve them and obtain a competitive advantage over her competitors.

To begin the analysis she chose the “jewel in the crown” of the company, the manufacturing and packaging line of pre-cooked stuffed chicken. Many questions came to Laura’s mind.

*“I wonder if we have had any bottlenecks, how much demand we would be able to serve with the current line organisation. Are our operations efficient? Are costs adjusted? Why do we take so long to serve orders...?”*

Doña Carmen listened to Laura asking herself these questions aloud and reproached her.

*“Young lady! Stop speaking like that and please go and tour the factory. Put some pressure on the girls because I am sure some of them are doing nothing. Come on! We are supposed to be working here!”*

*I wonder what is going on in her head. I don’t understand her any more when she talks. I just don’t understand her.”*

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<sup>1</sup> Case study by Instituto Internacional San Telmo Research Division, Spain. Prepared by Professors Enrique Garrido Martínez and Raimundo Gómez del Sol for use as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation.

Doña Carmen left grumbling. She was expected at one of the outlets to interview the daughter of an employee who wanted to start as an apprentice.

Without her mother's pressure, Laura started to think aloud again.

*"How much can we grow with the current line? How long would it take us to serve an urgent order if we had no finished products in the warehouse?"*

## **THE COMPANY**

Precocinados Doña Carmen had been created by Laura's mother more than 30 years ago. In her beginnings as an entrepreneur, Doña Carmen was known as "Carmeluchi" and she had a small stall in an open market in the centre of an Andalusian city.

With time and a lot of effort, the small stall started growing and became one of the most popular in the market, thanks to the good reputation of Doña Carmen's products and her close relationship with clients.

This relationship with her clients helped Doña Carmen notice the budding interest of housewives in precooked food. Thus, in the 1980's Doña Carmen started to prepare homemade hamburgers, ham and cheese fritters, croquettes, kebabs and meatballs.

After some time, the company started growing and opening stalls in other city markets and even own-brand outlets in the most populated neighbourhoods, preferably near supermarkets.

An old building, which was family property, located in a small estate a few kilometres away from the city, was refurbished to house a factory. Once they had moved to these premises, they started manufacturing and selling stuffed chickens, which were very well received by their clients. After many product tests and samples, the range was broadened to include stuffed chicken thighs and breasts.

After an important investment in the 1990s, the factory entered the third millennium complying with the most demanding health and safety requirements.

As time went by, Precocinados Doña Carmen's products had achieved a lot of prestige amongst its clients, to the extent they were distributed through a series of supermarket chains.

## **DEMAND**

Demand for Precocinados Doña Carmen was variable (which is typical), but after an in-depth analysis of the orders from the previous year, Laura had ensured that the company's behaviour was relatively stable. Once could forecast very accurately that the typical demand per day would be around 40 cases, 20 of which were of stuffed chicken, 10 of stuffed chicken thighs and 10 of stuffed chicken breast.

On the other hand, Precocinados Doña Carmen did not have delivery service for their products, so their clients, even internal ones (their own-brand outlets), had to go to the factory to pick up their orders. Daily distribution of client arrivals was quite uniform throughout the 10 hours the factory remained open.

## **THE PROCESS**

Laura had had experience of the company since she was a child. When she was only ten years old, she used to spend Saturday mornings in the market stall where her mother worked. She used to work out the change for the shop assistants when they charged customers. Since then, she had been in all the different positions till she had, finally, become the company's manager.

Her knowledge of the process was very detailed. In fact, she had worked on the production line and been involved in the selection and purchase of machinery. She also knew well the more than 80 employees of the company, as she had, in fact, participated in the selection of most of them.

It was not complicated to draft a flow chart of the basic line operations that she wanted to analyse, and she even made the effort of describing the operations and measuring the times it took to carry out each one of them: