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Preview

Directions Please read and react to this information, as directed by your seminar facilitator.

Introduction You are an auditor for a regional alliance of quality organizations. You have accepted a contract to audit the operational quality of a local retailer, Spencer's Dispenser. The merchant, Rosa Spencer, runs a 24-hour discount beverage outlet near her home on a remote highway, east of Seattle.

Communication pattern Rosa Spencer never speaks directly to Vitale Ventures, her wholesaler. She just puts check marks on a piece of paper, and hands it to Guy, the delivery truck driver. Rosa has never met anyone from Vitale Ventures, who supplies beverages to a hundred stores in several surrounding towns. Rosa's so busy with her customers, she barely has time to place orders for the hundreds of snacks and drinks in her outlet.

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Background — Spencer's Dispenser

Business plan	Rosa Spencer's business plan is very simple: she intends to manage her outlet as best she can to maximize her profits. She's saving to go on a world cruise.
Retail leader	Rosa stocks a variety of colas and uncolas, but strange as it may seem, root beer has been her retail leader. She makes a good profit on every six-pack. Customers usually buy chips, crackers and popcorn, too.
Inventory	Rosa keeps a careful inventory of how many cases of each soft drink she has in her back room at Spencer's Dispenser. They're her ticket beyond Bali!
Placing orders	A trucker, Guy, arrives at the rear entrance of Spencer's Dispenser every Monday morning, holiday or no. Rosa hands Guy a form that she's filled in with her weekly order of soft drinks. She orders each variety by the case.
Delivery process	Guy makes his other rounds, returns Rosa's order of soft drinks to Vitale Ventures, her beverage wholesaler. Vitale Ventures processes her order, puts outgoing orders into priority sequence, then ships the resulting order to Spencer's Dispenser.
Delivery schedule	A four-week schedule delay exists between ordering and receiving soft drinks from Vitale Ventures. Vitale Ventures does so much wholesale volume that Rosa never expects to receive her soft drink shipment until four weeks after she places her order, on the average.
Steady brand	Rosa's steadiest brand of beverage is a ginger-flavored root beer, called Ninja Ginja. She's heard Guy say it's brewed by a micro brewery about three hours North on I-5. Ninja Ginja gets not advertising, so it's not really very popular. Yet every week, Rosa sells four cases of Ninja Ginja—as regular as sunrise.

More...

More... Background — Spencer's Dispenser

Customers	Customers at Spencer's Dispenser are under 21 years old, trendy and prone to MTV and video games. Celebrating their legal rites of passage, they will their softer tastes to their younger siblings:Ninja Ginja is cool, Dude!
Customer satisfaction	Rosa makes sure she always has enough Ninja Ginja root beer on hand to satisfy her young customers whose pocket change is buying her cruise ticket. She tries to keep twelve cases in her back room at all times. Consequently, Rosa orders four cases of Ninja Ginja every Monday morning. When Guy backs up to her outlet, Rosa's already thinking on automatic—"World cruise...Bali...four cases of Ninja Ginja!"
Formulas	These spreadsheet formulas apply to the Retail log kept for her business: If InStock < 12, then Delivered = 12 - InStock [<i>ideally, at least</i>] new InStock = (InStock + Delivered) - (Sold + Backlog) Backlog [to following week] = Sold - Delivered

Notes:

Retail Log — Ninja Ginja Root Beer

Introduction Rosa Spencer, retail merchant who owns and manages Spencer’s Dispenser, filled in this log at midnight, every Sunday of each quarter of last fiscal year.

Weekly log This log is a record of cases of Ninja Ginja root beer

- in stock,
- ordered,
- sold, *and*
- delivered

during eight weeks in the fourth quarter.

Week	In Stock	Ordered from VV	Demanded		Delivered by VV	Comments of retail merchant, Rosa Spencer
			Sold	Backlog		
1	12	4	4	0	4	“The usual four cases in and out... .”
2	12	8	8!!	0	4	“Must be a party somewhere. I’ve got to replace those extra cases.”
3	8	12	8!!	0	4	“Weird... I’d better rebuild my stock—otherwise, I might sell out this week.”
4	4	16	8	0	5	“That music video’s the reason... I’d better be ready for higher demand!”
5	1	16	8	0	7	“Vitale Ventures must’ve gotten my increased order, but I’ll lose favor with cool dudes if I don’t keep pace!”
6	0	16	8	0	6	“I’ve got two dudes waiting, and an empty shelf by Wednesday—Ninja Ginja is hot, and it’s getting hotter!”
7	0	16	8	2	5	“I filled my back orders, but I’m sold out by Tuesday—and now five dudes are on my wait list. I’ll pray those big orders start coming in from Vitales!”
8	0	24	8	5	5	“Guy guesses it’ll be two weeks ‘till I get the 16 cases I ordered 3 weeks ago. Five waiting dudes took all my stock. I’ll lose my reputation to MT shelves. What is Vitales doing to me? Don’t they know I’m facing a thirsty mob?!”