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### Preview

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

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**Introduction** You are an auditor for a regional alliance of quality organizations.  
You have accepted a contract to audit the operational quality of a regional wholesaler, Vitale Ventures.

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**The client** The owner of Vitale Ventures, Gino Vitale, manages a small warehouse packed to the uninsulated roof with shrink-wrapped pallets of colas, uncolas, imported fruit drinks, and root beers, including Ninja Ginja.  
Gino is the only distributor for Ninja Ginja and several other small brands. His uncle persuaded the other soft drink wholesales not to penetrate his regional market, which includes Seattle and suburbs as well as rural areas of King and Pierce Counties.

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**Communication pattern** Gino Vitale communicates with the Gingery Brewery through the same method that retailers use to reach him at work. He crunches numbers onto a computer printout that he hands to his driver.

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**Contents** You can find the following contents on the pages shown.

**Page Information**

- 2 Background — Vitale Ventures
  - 3 Wholesale Log — Ninja Ginja Root Beer
  - 4 Spreadsheet Secrets
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## Background — Vitale Ventures

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<b>Business plan</b>	Gino Vitale's business plan is very simple: he intends to manage his wholesale distributing firm as best he can to maximize his profits. He's got four teenagers whom he wants to send to Eastern universities.
<b>Placing orders</b>	A driver brings Gino a double-shot tall latte every Monday morning at 7:30, and Gino hands him his weekly order for the brewery. Vitale Ventures services many stores and larger chains, so Gino orders by the gross, not by the case.
<b>Delivery schedule</b>	Four weeks after he places his orders to the brewery, the truckloads of Ninja Ginja root beer arrive. Each truckload is the equivalent of a gross of cases.
<b>Delivery process</b>	While Gino's typical retailer orders about four cases of Ninja Ginja root beer from him week after week, Gino orders four truckloads of the regional brand from the micro brewery three hours up the road. Vitale Ventures maintains a typical inventory of twelve truckloads of Ninja Ginja during any given week.
<b>Problem</b>	Before Halloween, retailers' orders for Ninja Ginja root beer had risen sharply without warning. Gino was surprised, because this root beer had always been a reliable, but small profit maker for him. The following week their orders increased even more. By Thanksgiving, nearly every store was ordering three or four times its regular four cases of Ninja Ginja root beer!
<b>Reaction</b>	Gino at first filled the increased orders easily from his twelve-gross inventory stored in the now very chilly warehouse. Gino's uncle has taught him well—he noticed the taste trend in Ninja Ginja, and immediately increased his order from Gingery Brewery. Two weeks before Thanksgiving, Gino spotted the brief factoid about the music video by the "Wholeagains" on CNN. He was no fool—he raised his order to a whopping twenty truckloads per week, five times his normal order! Gino figured he needed to stay abreast of the root beer's accelerating popularity. From the stores' demands, Ninja Ginja was twice, three times, even four times the market mover it had been a couple weeks earlier.
<b>Backlog</b>	Gino Vitale had shipped out all the Ninja Ginja root beer in his warehouse by mid-November. For the next two weeks, he distributed what he could, then sent "back ordered" slips to retailers to cover the rest. He knew it would only be a couple more weeks before he got his extra orders.

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## Wholesale Log—Ninja Ginja Root Beer

**Introduction** Gino Vitale, wholesaler who owns and manages Vitale Ventures, logged his volume activities every Friday night of each quarter of the fiscal year.

**Weekly log** This log is a record for Ninja Ginja root beer delivered, ordered, demanded, and in stock during 13 weeks of the fourth quarter, *and* five weeks of the first quarter in the present fiscal year. Amounts appear by the gross (twelve dozen).

*Note:* Order “a” in Week 3 takes GB four weeks to supply in Week 7.

Week	In Stock	Ordered from GB	Demands: SD		Supplied by GB	Comments of wholesaler, Gino Vitale
			New	Backlog		
1-3	12	4 a	4	0	4	“Ho, hum... what’s new?”
4	12	4 b	8!!	0	4	“Something new out there?”
5	8	8 c	12	0	4	“Whoa—demands are tripling!? I’d better match the taste trends.”
6	0	20 d	16	0	4	“The dudes have seen the video, and demand Ninja Ginja — I’ll order 20 g.!”
7	0	20 e	16	12	4 a	“How long can I put my big customers on back order status... 1 or 2 weeks?!”
8	0	24 f	16	24	4 b	“Don, is there any way you can speed up your deliveries? I need 30 gross!”
9	0	30 g	24	36	6 c	“Apparently, Don is still backlogged, but larger brew runs are coming out now.”
10	0	40 h	26	54	8 d	“The extra root beer I expected doesn’t show — I’m really upset! Those guys can’t produce root beer fast enough!”
11	0	40 i	28	72	12 e	“I can’t reach Don. I’ve got orders to fill over 80 gross of root beer, and I can’t.”
12	0	60 j	30	88	24 f	“I can make a bundle if I only had enough Ninja Ginja in stock. How can Don do this to me. I’ve gotta keep up!”
13	0	60 k	30	94	30 g	“Even 60 truckloads a week can’t keep up with this demand. My back log doesn’t go down...I need more Ninja!”
14	0	60 l	28	94	35 h	“I’m finally getting more root beer.”
15	0	60 m	6	87	40 i	“Stores’ orders are dropping — I figure they over-ordered at holiday time!”
16	0	0	0	53	55 j	“Zero?? Four weeks ago they were screaming at me: I’d better cut, now!”
17	2	0	0	0	60 k	“I’m outta warehouse: drink up, dude!”
18	62	0	0	0	60 l	“Those @#%& retailers! Will it ever end? Why does Don do this to me?”

## Spreadsheet Secrets

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**Introduction** Data in the earlier table have been adapted from descriptions of the beer game in Peter M. Senge's book, *The Fifth Discipline*.

The log appeared without the benefit of the automatic calculations of a spreadsheet program. If you wish to study the data more closely, then the secret calculations behind the cells in the log are available.

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**Formulas** These formulas apply to the Wholesale log:

If InStock < 12, then Supplied = 12 - InStock [ideally, at least]

new Backlog [to following week] = Backlog + New - (Supplied + InStock)

new InStock [to following week] = (InStock + Supplied) - (New + Backlog)

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