

The Impact of Strategic Planning On the Production and Sales Performance of Coca Cola Company

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Abstract: The study sought to examine the relevance of strategic planning on production. Business organizations operate in constantly changing and competitive environment. To survive, organizations must respond and adjust to the social, economic, and political environmental changes that occurs. Objective of the study is to reveal the pattern of strategic planning in a sample of the study, and as if they were eligible for effective of production. Study used descriptive analytical method and applied to a sample of managers and their assistants and heads of departments in Coca Cola. and data were collected by questionnaire, and field visits, personal interviews and some official documents to complete the study data. Was also used a number of statistical tools for data processing, including: arithmetic mean, percentage, for the purpose of sample description. Study used descriptive analytical method and applied to a sample of managers and their assistants and heads of departments in Coca Cola. and data were collected by questionnaire, and field visits, personal interviews and some official documents to complete the study data. Was also used a number of statistical tools for data processing, including: arithmetic mean, percentage, for the purpose of sample description. The study found a set of conclusions and recommendations as follows: Hindustan Coca-Cola is the fastest growing FMCG Company over the last five years as per data available to us and in the public domain. Worldwide as a company making Carbonated Soft Drink, CSD, Coca Cola has a Market share in 2013 42.4 percent where as Pepsi Co has only 27.7 percent. The recommendations was Company should provide special benefits to the retailer for better promotion To meet the demand of the customers the company should set up the new plants as its competitors are planning to set up. The company should search the new target market to expand the market share in this competitive era.

Keywords: strategic Management, strategic planning, production, sales performance.

1. INTRODUCTION

Planning is the key function besides organizing, controlling, staffing and leading, of any management to be competitive and aggressively pursue growth. Ford has shown how automobile innovation and production would change the transportation across the developed world. Similarly, Coca Cola has been continuously pushing newer plants across the globe for higher growth. In 1960s and 70s, many firms from Japan has implemented the concept of strategic planning to established the competence in automobile and electronic industries. So the practice of strategic planning has been embraced worldwide in last thirty years for successful launch of products across many sectors. Many firms perceived the contribution of strategic planning is the key to organizational effectiveness. As privatization became more and more with influence of globalization many organizations from both the private and public sectors have taken the practice of strategic planning seriously as a tool that can be utilized to keep track of the performance of firm as well as the groups. For many multinational firms this has been a must to keep track of growth as well as analyzing the demands across the globe.

2. STUDY METHODOLOGY

2.1 Problem of the Study:

The contemporary trend is Focused in the field of management of the work to build a complementary vision and inclusiveness of activities of the organizations of the business and strive to achieve interdependence and interaction among them and get away from the perception Unilateralism of their respective activities and events, So that the organization must be one solid block that believes in the philosophy of That the elements of power in a particular activity is concerned always be to strengthen the capacity of other activities Because planning is that the changes that occur in industrial companies as a result of changes in the competitive full of challenges make it difficult for these companies to gain competitive advantage and be effective through the Department of tangible and non-tangible resource. So The main problem of the study Can be subdivided as the following question:

What is the impact of strategic planning on the production and sales performance?

From the main problem branching out minor problems as following:

- What is the strategic planning? What are the requirements for the success of the strategic planning Organization surveyed?
- What is the nature and level of strategic planning in Organization surveyed?
- What is the impact of strategic planning on raising production efficiency and sales performance?

2.2 Objectives of the Study:

- 1-To Study the Growth of market for Soft Drinks in India
- 2-To Study the performance of the Coca Cola with their “Strategic Planning” in India
- 3-To Study the sales performance of Coca Cola and the Competitors.
- 4-To Study the profit of Coca Cola Plant in Atmakur and evaluate its growth.

2.3 Hypotheses of the study:

The main study hypothesis:

There is a impact with any significant positive relationship between two variables: strategic planning and the production.

The Main hypothesis of the study can be subdivided into:

- 1- There is a impact with any significant positive relationship between strategic planning & productivity
- 2- There is a impact with any significant positive relationship between strategic planning & growth
- 3- There is a impact with any significant positive relationship between strategic planning & sales performance

2.4 Need and Importance of the Study:

This study on the strategic planning production efficiency helps, one to understand Criteria for successful strategic planning adopted at, Coca Cola which makes or motivates them to work towards achieving organizational goals. Understanding the requirements for the success of the strategic planning on raising production efficiency.

Methodology of the study:

study Design:

The research design is a master plan specifying the method and procedures for collecting and analyzing needed information. The research design in this project is DESCRIPTIVE in nature. Descriptive research includes surveys and fact-finding inquiries of different kinds. Casual research is used to know the cause and effect relationship.

Data Collection Methods: The source of data include primary and secondary data sources.

Primary Sources: Primary data has been collected directly from staff of the firm.

Sampling Unit: Guntur / Vijayawada

Secondary Sources; Secondary data has been collected through from standard textbooks, Newspapers, Magazines, Internet and Company website.

Data Analysis: The data collected through survey was analyzed with help of simple percentages. Tabular and graphic methods, which included pie charts and bar graphs, are used to analyze data.

3. STUDY BACKGROUND

3.1 Strategic Management:

Strategy formulation processes is complicated and are similar in big companies but smaller firms have to establish sound strategies in order excel or sustain the growth. The ongoing strategic planning argues market position should be the basis of strategies or the resources and the environment of a firm is the basis (Bergfors 2007, 35). Opportunities in the business environment along with the strengths, capabilities and resources of organization should be the part of strategic planning. Intangible resources, competitor and business environment analyses are part of the strategic management.

Generally, a company strategy defines how an added value is planned to be produced to customers and shareholders. Continuous, specific capability improvements and alignments with customer needs are crucial (Kaplan & Norton 2004). When the competition and business environment are dynamic, existing organizational capabilities form a stable foundation for a strategy. Telecommunications and Information technology sectors are prominently dynamic, which is reflected also to Research and Development activities.

3.2 Strategic Planning:

Strategic planning has been explained by various writers and scholars in different but complementary ways. (Drucker ,1954:87) contends that strategic planning is management by plans, an analytical process and is focused in making optimal strategic decisions. Other writers have expanded on Drucker’s definition. (Ansoff ,1970:234) conceptualizes strategic planning as the process of seeking a better match between a firm’s products or technology and its increasingly turbulent markets. He looks at it in terms of change from a familiar environment to an unfamiliar world of strange technologies, strange competitors, new consumer attitudes, new dimensions of social control and above all, a questioning of the firm’s role in society.

3.3 Link between Strategic Planning and sales Performance:

It is conceptualized that firms that have effectively embraced strategic planning, records better performance as compared to those that have not. Firms have record improved performance once they effectively embrace strategic planning. Carrying out the various steps in the strategic planning process is expected to facilitate the realization of organizational effectiveness. By defining a company’s purpose and goals, strategic planning provides direction to the organization and enhances coordination and control of organization activities. (McCarthy and Minichiello,1996:123), note that a company’s strategy provides a central purpose and direction to the activities of the organization and to the people who work in it.(Howe,1986:87) and (Kotter,1996:76) argue that the primary goal of strategic planning is to guide the organization in setting out its strategic intent and priorities and refocus itself towards realizing the same.

3.4- Production:

Production/operations management is the process, which combines and transforms various resources used in the production/operations subsystem of the organization into value added product/services in a controlled manner as per the policies of the organization. Therefore, it is that part of an organization, which is concerned with the transformation of a range of inputs into the required (products/services) having the requisite quality level. The set of interrelated management activities, which are involved in manufacturing certain products, is called as production management. If the same concept is extended to services management, then the corresponding set of management activities is called as operations management. (R. Pannerselvam,2004).

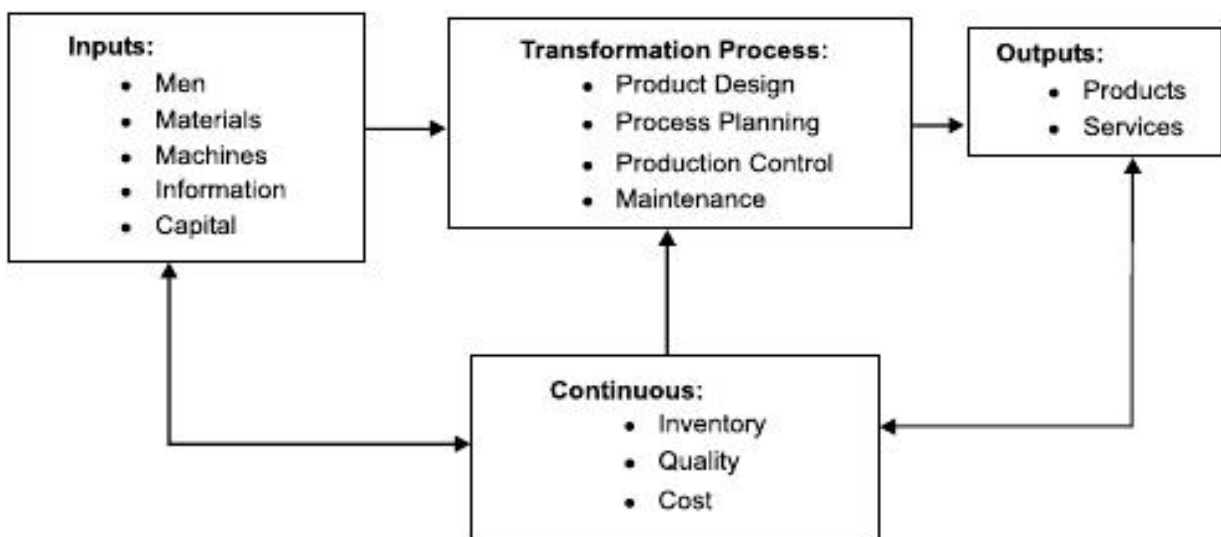


Figure (1). Schematic production system

3.5 Strategic Planning Approaches for Production/Operations:

(Henry Mintzberg,1998) suggests three contrasting modes of strategic planning: the entrepreneurial, the adaptive, and the planning modes. In the entrepreneurial mode, one strong, bold leader takes planning action on behalf of the production/operations function. In the adaptive mode, a manager’s plan is formulated in a series of small, disjointed steps in reaction to a disjointed environment. The planning model uses planning essentials combined with the logical analysis of management science. There are many approaches to strategic planning. The key point is that operations strategies must be consistent with the overall strategies of the firm. Operations typically utilize the overall corporate approach to strategic planning, with special modifications and a focus upon operations issues and opportunities. One general approach to strategic planning is a forced choice model given by (Adam and Ebert,1985).

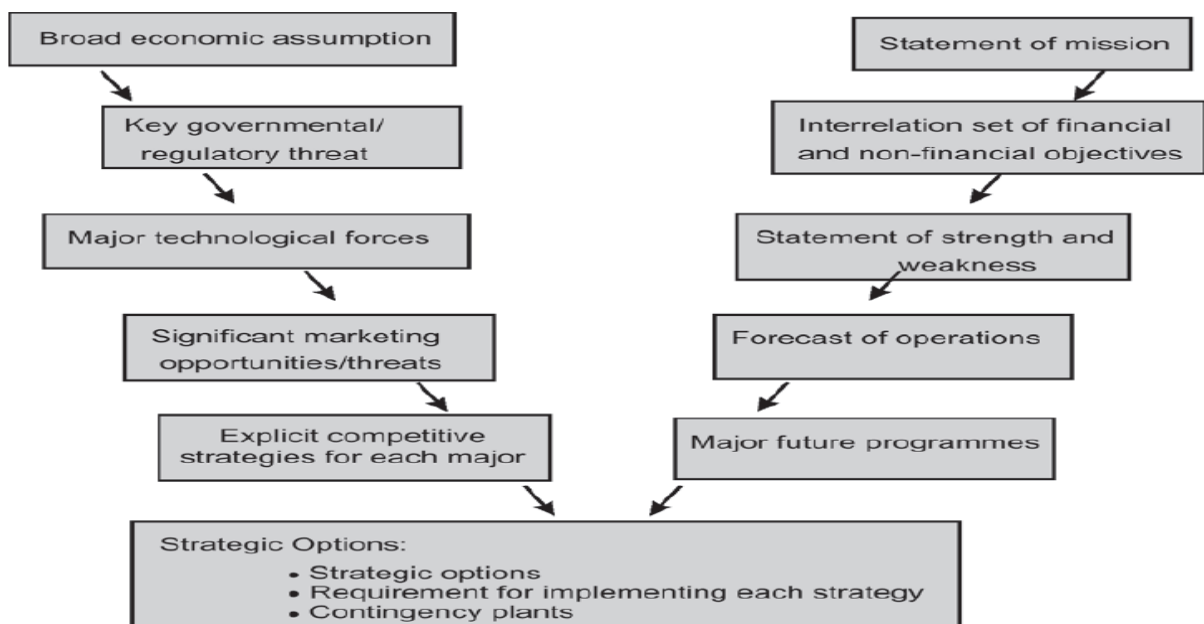


Figure (2): A forced choice model of strategic planning for operations

4. DATA INTERPRETATION & ANALYSIS

4.1 Worldwide Sales of Coca Cola:

Since 1886, Coca Cola has begun to sell soft drinks. What the firm achieved even 1% of the firm would not achieve when we look the numbers globally. Remarkable success and expansion of the products across the global has occurred constantly. The following table gives the revenue for each year from 2004 along the quarterly revenue from their website www.coca-cola.com. The revenue of Coca Cola in the financial year has been just over 30 billion dollars. This is almost double that of revenue in the year 2004. The key reason for this growth would be the expansion of Coca Cola into developing countries such as Indian and China.

Table 1: Revenues of Coca Cola, 2004-2013 in Billion Dollars.

	Annual	Q1	Q2	Q3	Q4
2013	\$30.41	7.18	8.23	7.73	7.26
2012	\$30.95	7.24	8.37	8	7.34
2011	\$30.28	7.05	8.22	7.84	7.17
2010	\$23.87	5.28	6.04	5.83	6.72
2009	\$21.14	4.86	5.66	5.43	5.19
2008	\$21.8	5.06	6.21	5.68	4.84
2007	\$19.61	4.2	5.27	5.09	5.06
2006	\$16.86	3.66	4.59	4.42	4.14
2005	\$15.84	3.68	4.39	4.03	3.81
2004	\$15.22	3.54	4.14	3.82	3.72

4.2 Net Sales of Hindustan Coca Cola Beverages:

The Strategic planning of plants for Coca Cola was slow during early 2000s but since 2005 or so they have established both production and marketing strategies that drove their product better into the homes of right customers. The market share has began to swell for Coca Cola. Though the Firm sells Coke at an unprofitable price of Rs. 8, 200 ml glass bottles, the market penetration has been phenomenal as seen in the chart below along with the numbers in the following table. There is a solid 15 percent growth in net sales during 2011 to 2013. Hindustan Coca Cola beverages has done an outstand job of selling products across India with great confidence.

Table 2: Net Sales, PAT of Hindustan Coca Cola Beverages & Growth 2010-13, Source: Registrar of Companies

	2010	2011	2012	2013
Net Sales	3846	4541	5610	6597
PAT	213	198	376	278
Growth		18	23.56	17.59

4.3 Test of hypotheses of study:

The main study hypothesis:

There is a impact with any significant positive relationship between two variables: strategic planning and the production.

Table 3: The main hypothesis test results

F Calculated	F Tabulated	(Sig-F)	correlation coefficient R	Coefficient of determination R2	Result H
4.1	111.543	0.85	0.734	0.732	Accept

Have been used of test multiple regression to test the previous hypothesis, Noting (F) Calculated value is less than of its Tabulated value When the confidence level is (%95), It also (Sig-F) is more than The level of significance (0.05), And depending on the decision rule we accept this hypothesis. Relationship strength has reached (0.734) , Coefficient of determination is (0.732) , Reflecting the rising strength of this relationship and the degree of interpretation of variables of strategic planning for the production variable.

5. CONCLUSIONS

1. Having thousand outlets in India, Hindustan Coca Cola Beverages Pvt. Ltd. outpaced every other soft drink producing company. After investing US\$1 billion in the first decade and then US\$100 million in 2003 this firm counts among the top international investor of India.
2. Hindustan Coca-Cola is the fastest growing FMCG Company over the last five years as per data available to us and in the public domain.
3. Hindustan Coca Cola beverages has done a great job of selling across India with a solid 15 percent growth in net sales during 2011 to 2013. Net Sales have grown from 3846 cores to 6597. Profit After Tax, PAT, has grown from 213 cores to 278 cores.

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