

Operations Management: A case analysis of Braccialini Group, Florence (Italy)

Table of Contents

1. Introduction.....	2
2. Braccialini Group and its operations abroad.....	2
3. Strategic role at Braccialini Group	3
4. Transformed and transforming resources	5
5. Performance objectives.....	5
5.1 Quality.....	5
5.2 Dependability	6
5.3 Speed	6
5.4 Flexibility	7
5.5 Cost.....	7
6. Batch process for product design.....	8
7. Conclusion	9
References.....	11

1. Introduction

Operations is one of the three main functions of businesses, the other two being marketing and product/service development. Operations handles the production and delivery of goods and services to customers, a function upon which all organisations depend (Stack, Chambers and Johnston, 2010, p. 4). With operations being a core function, operations management becomes essential, since effective management which promotes efficiency and is responsive to evolving customer needs places the organisation on a competitive edge (Chase, Jacobs and Aquilano, 2006).

Operations management often involves the design and management of processes, services/goods, and supply chains, and is a complex process influenced by external factor such as (1) global competition, (2) rapid technological expansion, (3) changing customer needs, (4) social responsibility issues, and internal forces such as (5) core competencies/capabilities of operations team, (6) scarcity of operations resources, and (7) organisational culture (Meredith and Shafer, 2007, pp. 38).

In view of the significance of operations management to the survival and competitiveness of businesses, this paper seeks to discuss the strategic role of operations in Braccialini Group and identify a process for the organisation's product design.

2. Braccialini Group and its operations abroad

Braccialini Group is a leather accessories business based in Florence, Italy, founded in 1954 and has a long history of more than fifty years. Its core business is in belts, shoes, handbags and small leather products. The company has global operations, managing various trademarks either directly owned or under licence agreement (Braccialini Group, 2014).

The business has direct ownership of five brands, namely (1) Braccialini, (2) Tua by Braccialini, (3) I Temini by Braccialini, (4) AmazonLife, and (5) Francesco Biasia (Braccialini Group, 2014). Two of Braccialini's licensed brands include Gherardini and Vivienne Westwood (Braccialini Group, 2014). Braccialini Group produces and designs eight collections which are exported to over 70 countries globally, with an

export rate of 65 percent (Braccialini Group, 2014). The company employs a total of 205 employees and has a revenue of 70 million euros in 2013 (Braccialini Group, 2014).

Braccialini Group has its reference markets in United States, Japan and China, and is at present trying to reinvent its operations to recover from a failed project in the Mariella Burani group, which has led to significant decline in its profit margins (Pieraccini, 2015). This paper responds to Braccialini Group's efforts to improve its operational strategies through an analysis of its current operations so as to provide suggestions for future improvements that would help the business to achieve its strategic plan.

3. Strategic role at Braccialini Group

Braccialini Group has a business strategy of combining craftsmanship with artistic, innovative design to create a playful, timeless style which would become its unique selling point, and facilitate its rapid global expansion and retail aims. Despite its strong reputation and position in the market, the company has plans to further improve its position and increase its margins, having in 2015 set aside 10 million euros to be used for the development of Braccialini and Gherardini, the two major brands of the group (Pieraccini, 2015).

Hayes and Wheelwright's (1984) four-stage model will be used to evaluate the strategic role of operations in Braccialini Group. To restore its profit margins, the first stage of "internal neutrality" would involve pulling out of all business involvement with Mariella Burani group and adopting a conservative attitude towards future investments in expansion opportunities. In limiting its capital, labour and time inputs into growth opportunities, operations would be avoiding any chances of failures, albeit holding the organisation back from competing effectively through global market expansion.

The second stage of "externally neutral" would require looking at the performance of high-end luxury designer labels and prestigious industry brands specialising in leather goods and accessories in Italy, such as Bottega Manufatturiera Borse, Bulgari Accessori, Christian Dior Italia, Bonfanti and Alviero Martini. As global businesses based in Italy with a long history and strong reputation, the above companies present themselves as the main competitors of Braccialini Group. Comparing itself with these

companies would allow Braccialini Group to gauge its performance in the leather goods industry, identify gaps in the market and implement ‘best practices’ which would increase its competitive advantage.

In achieving the third stage of “internally supportive”, operations has to possess a vivid understanding of the Braccialini Group’s competitive and strategic goals and support them through the provision of relevant operations resources. In particular, to support the global expansion and retail strategies of Braccialini Group through innovative products, operations would need to be able to cope with constant change and innovations.

To encourage creative works, operations need flexible production processes, such as (1) developing strong relationships with suppliers to acquire new materials and equipment quickly for product development, (2) recruiting designers with high capability, knowledge and creativity, and (3) organise its labour to understand novel designs and production technologies so as to support the production processes.

Global expansion and retail will involve marketing operations to adopt promotional activities through online and traditional social media, trade shows and product launch events to promote brand recognition and reputation. The technology operation may also be involved in the adoption of an e-commerce strategy which would facilitate retail on a global platform. In particular, operations may be involved in ensuring that customers have access to an updated, secure online platform in which they can confidently make purchases.

In terms of expansion through the establishment of new brick-and-mortar retail stores in foreign countries, operations would be required to inject capital, time and knowledge into the development of strategic alliances with international holdings, as well as provide the facilities, capital and equipment for the establishment of new stores.

The final stage of “externally supportive” consists of operations reinventing itself to cope with forecasted transitions in markets and supplies. Achieving such a stage would mean that operation needs to adopt innovative and proactive approaches to drive Braccialini Group’s organisational strategy and being a step ahead of its competitors.

At present, Braccialini Group would be considered to be in the third stage and aspiring to reach the final stage in revamping its operations strategy.

4. Transformed and transforming resources

According to Stack, Chambers and Johnston (2010, p. 9), transformed resources are treated and changed in a process, often consisting of materials, customers and information. Transforming resources act on the transformed resources to implement the change, and are often made up of facilities and staff (Stack, Chambers and Johnston, 2010, p. 9).

For product design, transformed resources used in Braccialini Group's production process include (1) market information-preferences from psychological inputs of customers and forecasts, (2) technical data-knowledge of available production technologies, (3) materials-raw leather to be changed into accessories. Transforming resources can be found in the capabilities of (1) designers, (2) specialist technical staff, (3) design software/equipment such as three dimensional modelling, drafting and simulation packages.

For market expansion, transformed resources consists of market information, an understanding of fashion trends and customer preferences, financial analysis, manufacturing and retail operations. Transforming resources would include marketing staff, financial managers and accountants, technical staff for e-commerce, retailers and retail stores.

5. Performance objectives

Stack, Chambers and Johnston's (2010, p. 39) five performance objectives framework will be adopted to set performance objectives for operations which will guide its decision making. The five identified dimensions are that of quality, speed, dependability, flexibility and cost.

5.1 Quality

Quality is defined as the ability to meet customers' expectations and is a very important, measurable and evident dimension for operations (Stack, Chambers and Johnston,

2010, p. 40). Within Braccialini Group, quality would mean (1) unique, exclusive, luxury products which are durable, (2) sophisticated, playful retail stores with excellent customer service, (3) attentive, knowledgeable, fashion conscious staff, and (4) professional, classy marketing, and (5) external international events/launches by invites.

5.2 Dependability

Quality would in turn have an impact on dependability, as high quality products and services can increase satisfaction and instil confidence in customers, while poor quality may become a source of irritation and affect the reputation and dependability of the company. Dependability is defined as being able to fulfil promises made to customers through timely product delivery and services (Stack, Chambers and Johnston, 2010, p. 39).

For Braccialini Group, dependability encompasses the delivery of unique, creative, innovative designer products of magnificent craftsmanship, constant availability of good customer service, availability of products when requested and a secure e-commerce platform. Dependability has a time and cost saving function for the company as the consistent delivery of high quality products would have an external impact which increases customer satisfaction and an internal impact on the stability and efficiency of the production process.

5.3 Speed

Speed is defined as the elapsed time between the request/purchase of goods/services by clients and the receipt of purchased goods/services (Stack, Chambers and Johnston, 2010, p. 39). In the case of Braccialini Group, speed entails the time used by customers to select and purchase a product, the speediness of customer service delivery, and the time required for product production.

Braccialini's production process involves transforming the raw materials of leather into designer accessories, and can be staged as (1) delivery of leather to the production facility, (2) delivery of designers' inputs to craftsmen, (3) curing/processing of the raw leather, (4) transportation of processed leather to assembly line, (5) the crafting of accessories by craftsmen, (6) transportation of finished products to automobiles, (7)

delivery to warehouses across the globe for storage as stocks. Speeding up the tedious process would reduce inventories and enable a leaner operation.

5.4 Flexibility

Flexibility is defined as the ability to which operations process can transform its methods and timeline (Stack, Chambers and Johnston, 2010, p. 39). Flexibility can be achieved in terms of product/service, mix, delivery and volume.

Product flexibility for Braccialini Group would encompass introducing new designs and models, mix consists of having a wide range of designs to choose from, volume involves the ability to adjust the number of products manufactured depending on marketability and delivery involves the rescheduling of manufacturing priorities so that popular and out-of-stock item can be available timely.

High flexibility can benefit Braccialini Group by increasing response speed to a disruption in the supply chain, decreasing production time through adaptability and maintaining dependability as the organisation is able to deliver its goods and services on time.

5.5 Cost

Braccialini Group's cost would be concentrated mainly in purchasing materials and services (technical knowledge and market research data). The other significant cost would be staff (product designers, craftsmen, marketers, IT staff) and technology and facilities (see Figure 1).

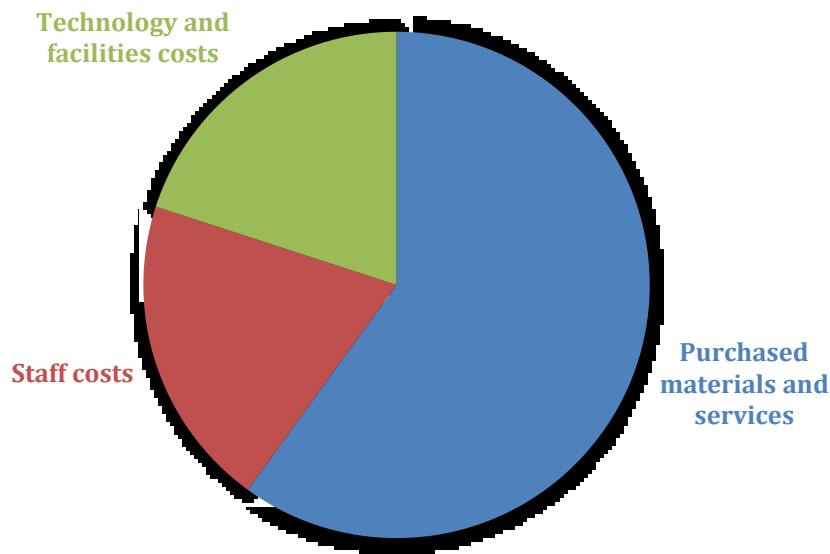


Figure 1: Cost breakdown

Source: Author's own

6. Batch process for product design

Braccialini Group's products are uniquely designed by top tier designers and hand-crafted by artisans, enabling it to produce exclusive, high quality products which contributed to its international acclaim. The development of diverse designs, each with its own unique production process would make product design one of a batch process.

According to Stack, Chambers and Johnston (2010, p. 95), batch processes are processes which treat batches of goods together, with each batch allocated its divided process route. With each design often leading to the production of more than one good, Braccialini Group would be adopting the batch process, instead of the jobbing process which has a higher degree of variety and no repetition.

Batch processes is suitable for Braccialini Group as it allows for volume and variety to be adjusted easily. For example, with some product designs which are tested to be more marketable, more repetitive batch processes with higher volume can be used. On the other hand, with more novel, exclusive product ranges, batch process would enable Braccialini group to switch to a lower volume with limited repetitiveness.

Also, since the initial process of treating the raw material (leather) may be quite similar, the process may start along the same path with more repetitiveness and high volume at the initial stages, diverging along different paths along the way as unique designs are being implemented, before eventually converging back to the same route with the standard activities of final treatment (polishing, product refinement) and transportation for storage.

7. Conclusion

In conclusion, Braccialini Group has its current focus on recovering from its failed business venture with Mariella Burani group through strategies of new injection of funds into global expansion and retail. The company's strategic role is "internally supportive", striving towards being "externally supportive". Operations are expected (1) to adopt flexible production processes to encourage innovative product designs, (2) facilitate promotional and technological operations, and (3) invest capital, time, knowledge, equipment and facilities into the formation of strategic international alliances to support global expansion and retail.

For product design, transformed resources include market research, technology, raw materials while transforming resources are that of capable staff (technical and design) and technological equipment. In order to support market expansions, transformed resources include market data, financial analysis, retail and manufacturing operations, while transforming resources consists of professional staff, retailers and retail stores.

Braccialini Group's quality is in its unique, luxurious products and services, dependability is found in product delivery and reliable customer service and speed is observable in production and the delivery of customer service and goods. The company is also flexible in its operations, constantly introducing new products and providing a good variety of goods, and maintaining a well-stocked marketplace. Most of the company's costs are invested in purchased materials and services, with the other main expenses in staff costs and technologies and facilities.

Batch process is recommended for product design as Braccialini Group's products are exclusive, novel and far from being mass produced. Some level of flexibility is also necessary in the production processes as volume and variety needs to be manipulated

depending on market demand for various designs and the level of exclusivity and novelty of the designs.

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