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**TEMA:**

**Business proposal for improving the supply chain  
management in order to open a new distribution channel for  
SuCarne Inc.**

**AUTOR (ES):**

**Mora Torosine, Ricardo Rubén; Rodríguez Espinoza, María  
Fernanda**

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**TUTOR:**

**Ing. Hidalgo Molina, José Antonio Mgs.**

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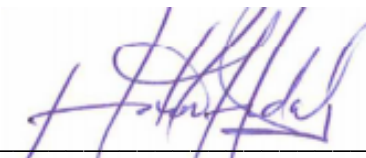
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**TUTOR**

f.   
Ing. Hidalgo Molina, José Antonio Mgs.

**DIRECTORA DE LA CARRERA**

f.   
Ing. Hurtado Cevallos, Gabriela Elizabeth Mgs.

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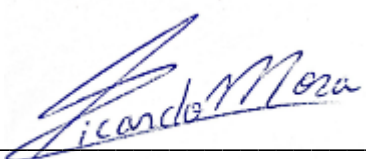
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f.   
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### **Rodríguez Espinoza María Fernanda**

#### **First and Foremost, to God**

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For believing on my capacity and potential remembering me that Heaven is the limit.

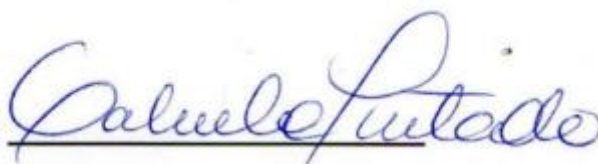
### **Mora Torosine Ricardo Rubén**

I address this thesis to my family for accompanying me in this last step of my career, to the academic community and all entrepreneurship projects that could be referential to the integration of supply chain management .But principally a personal dedication to God, for being a guide in my life.



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---

**MORA TOROSINE RICARDO RUBÉN**

---

**RODRÍGUEZ ESPINOZA MARÍA FERNANDA**

## GENERAL INDEX

ACKNOWLEDGMENTS .....	VI
APPRECIATION .....	VII
GENERAL INDEX.....	X
RESUMEN.....	XXII
ABSTRACT .....	XXIII
RÉSUMÉ .....	XXIV
INTRODUCTION .....	2
ARGUMENT .....	5
Research Questions .....	8
General Objective .....	9
Specific Objectives .....	9
Hypothesis.....	9
Theories to be applied to enhance General Objectives .....	10
Problem Formulation .....	11
Background .....	11
Contextualization of the Problem .....	12
Theoretical Framework .....	15
Strategic Entrepreneurship.....	15
Supply Chain Performance Measurement .....	17
Financial theory of diversification of risk .....	19
Conceptual Framework.....	22
Distribution and Logistics .....	22
Innovation management.....	22
Triple Bottom Line Guided.....	24
Competitive Advantage .....	24

Quality management .....	27
Portfolio management .....	28
Referential Framework .....	29
Legal Framework .....	31
Methodology .....	33
Research Design.....	33
Type of Investigation .....	33
Scope.....	34
Sample.....	34
Simple random sample formula for a finite population .....	37
Data Collection Technique .....	38
Analysis of Data .....	39
Chapter 1: Market Environmental analysis.....	40
1.1 Description of the Market Segment .....	40
1.2 Potential Market .....	43
1.3 Porter's 5 Forces .....	44
1.3.1 Suppliers.....	45
1.3.2 Consumers or Clients .....	45
1.3.3 Substitutes .....	45
1.3.4 Direct competition .....	46
1.3.5 Indirect Competition .....	47
1.4 Entry of New Competitors.....	47
1.4.1 Entry Barriers.....	47
1.4.2 Kickback Rewards .....	48
1.5 Technological Environment .....	49
1.6 Political / Economic Environment .....	49
1.6.1 Political Aspects.....	49

1.6.2 Economic Aspects .....	50
1.7 Threats and Opportunity.....	52
1.7.1 Opportunity .....	52
1.7.2 Threats .....	53
Chapter 2: Internal Diagnosis of the Company.....	54
2.1 Presentation of the company Su Carne .....	54
2.2 Mission.....	55
2.3 Vision .....	55
2.4 Values of the company.....	56
2.5 Organizational Chart .....	56
2.5.1 Economic Effects of Organizational variables .....	60
2.6 SuCarne´s Supply chain management. ....	62
2.7 Marketing and sales .....	65
2.7.1 SuCarne's Old Market.....	65
2.7.2 New Segment of SuCarne .....	66
2.8 After sales service.....	66
2.9 Description of the product.....	67
2.9.1 Development of the new Product .....	68
2.10 Process Flow charts .....	69
2.10.1 Dispatch.....	69
2.10.2 Pre- Sales Activity.....	69
2.11 Current company dimension structure .....	69
2.11.1 Infrastructure.....	69
2.11.2 Design of the Internal Infrastructure .....	70
2.12 Investment.....	71
2.13 Computing and Communication Equipment .....	71
2.14 Office Furniture .....	72

2.15 Office Supplies .....	72
Chapter 3: Improvement Proposal .....	73
3.1 Customer segmentation .....	73
3.1.1 Surveys analysis through the crossing of variables .....	76
3.2 Long term Customer Loyalty Program .....	79
3.3 Corporate strategies .....	81
3.3.1 Strategic plan .....	81
3.3.2 Organizational Chart Proposal .....	82
3.4 Marketing Mix .....	84
3.4.1 Product .....	85
3.4.2 Packaging .....	91
3.4.3 Label .....	92
3.4.4 Quality .....	93
3.4.5 Brand .....	93
3.4.6 Product Mix .....	95
3.5 Business functional strategy .....	99
3.5.1 Improvement of Business Model into Supply Chain .....	100
3.5.2 SCOR model .....	101
3.5.3 Proposal of new Supply chain .....	104
3.5.4 Development of the SCOPE level for SuCarne Supply chain ..	107
3.5.5 Second and Third level of the SCOR model .....	113
3.6 Distribution Channel .....	127
3.6.2 E-tailing Business model .....	129
3.6.3 Logistics Department .....	131
3.7 Wide Differentiation Characteristics .....	133
3.8 Niche market differentiation .....	134
Chapter 4: Financial Information .....	135

4.1 Potential Demand.....	135
4.1.1 Market Share .....	137
4.2 Demand Growth Forecast .....	138
4.3 Balance Sheet.....	140
4.4 Sales Forecast .....	142
4.6 Break-even point .....	145
4.7. Financing .....	146
4.7.1. Financial cost.....	147
4.7.2 Loan Amortization table .....	147
4.8 Installed capacity.....	150
4.9 Sensitivity Analysis of the Project .....	151
4.8.2 Beta Analysis .....	152
4.8.3 Weighted Average Cost of Capital (WACC) .....	153
4.9 Financial indicators.....	154
4.9.1 Cash Flow.....	155
4.9.2 Net Present Value.....	155
4.9.3 Internal Rate of Return.....	156
4.9.4 Pay-back.....	157
Bibliography.....	161
APPENDIX .....	168
Appendix A. Interview with Digeca General Manager .....	168
Appendix B. Interview with purchasing manager of Sausages Rossy.....	172
Appendix C. Interview to Windham.....	175
Appendix D. Instrument for data collection: Survey Model.....	178
Appendix E. Internal Analysis of Departments.....	190
Appendix F. Products Description .....	191
Appendix G. Purchase Order Response .....	192

Appendix H. Supplier self-assessment questionnaire .....	193
Appendix I. Request for quote .....	196
Appendix J. Purchase Order template .....	197
Appendix K. Process flow diagram of operations area .....	198
Appendix L. Process flow diagram of distribution area .....	200
Appendix M. ABC Categorization of Raw Materials and Inputs .....	202
Appendix N. Meat Local Market Risk.....	204
Appendix O. Project Risk .....	205

## Figure Index

Figure 1. Small Informal Business rate .....	12
Figure 2. FAO Meat Price Index.....	41
Figure 3. Neighborhood of via la costa.....	44
Figure 4. Valle alto neighborhood .....	44
Figure 5. Ecuadorian GDP .....	51
Figure 6. Ecuadorian GDP Agriculture Industry .....	51
Figure 7. Ecuadorian Inflation Rate.....	52
Figure 8. Ecuadorian Unemployment Rate .....	52
Figure 9. Logo of SuCarne.....	54
Figure 10. Brochure of Su Carne ´s Products .....	55
Figure 11. Organizational Chart of Sucarne Inc. ....	60
Figure 12. Meat Industry Value Stream.....	64
Figure 13. SuCarne Inc.'s Value Chain Management – Primary Activities .....	64
Figure 14. SuCarne Inc. Value Chain Management –Secondary Activities .....	65
Figure 15. Meat cuts of beef, poultry and pork.....	68
Figure 16. SuCarne Dispatch Process Flow.....	69
Figure 17. SuCarne's Pre- Sales Process flow .....	69
Figure 18. SuCarne's Physical Infrastructure .....	70
Figure 19. Architectural plan of current plant structure .....	70
Figure 20. Targeting Criteria of Customer Segmentation .....	74
Figure 21. Acceptance level of delivered at home of grill meat product.....	76
Figure 22. Percentage of meat consumption days per week.....	78
Figure 23. Percentage of the product price acceptance .....	78
Figure 24. Organizational Chart Proposal .....	83
Figure 25. Characteristics of each Job post .....	84
Figure 26. The 4 P's and the 4 C's of Marketing Mix .....	85
Figure 27. Maslow's pyramid .....	86
Figure 28. Pork Portions Description .....	87
Figure 29. Boston Butt Steak .....	87
Figure 30. Rib Chops Steak.....	87



Figure 31. Loin Pork Steak .....	88
Figure 32. Beef Portions Description .....	88
Figure 33. T-Bone Steak.....	88
Figure 34. Top Sirloin Steak .....	89
Figure 35. Short Ribs Steak.....	89
Figure 36. Loin Beef Steak .....	89
Figure 37. Rib-eye Steak .....	90
Figure 38. Meat Pulp .....	90
Figure 39. Poultry Portions Description.....	90
Figure 40. Fillet Poultry .....	91
Figure 41. Sausages Category .....	91
Figure 42. Packaging Design.....	92
Figure 43. Label design .....	92
Figure 44. Digeca Health Care Certification .....	93
Figure 45. SuCarne´s objective certification.....	93
Figure 46. SuCarne brand .....	94
Figure 47. SuCarne packaging logotype .....	94
Figure 48. Delivery Process.....	95
Figure 49. Product Life Cycle.....	96
Figure 50. Meat steak price .....	97
Figure 51. Official Website design SuCarne.....	98
Figure 52. The major components of a business model.....	100
Figure 53. SCOR Model Process Building Blocks .....	102
Figure 54. Supply Chain Operations Reference Model .....	102
Figure 55. Disintermediation and Reintermediation in the B2C supply chain.....	104
Figure 56. Current Supply chain of SuCarne Inc. ....	105
Figure 57. Proposal Supply Chain of SuCarne Inc. ....	106
Figure 58. Detail of the Activity Done to Accomplish KPI .....	109
Figure 59. Criteria of Sales .....	110
Figure 60. Architectural plan of new proposal plant structure.....	114
Figure 61. ZOHO system.....	117
Figure 62. Process approach on the planning side of SuCarne Inc.....	125

Figure 63. Process approach in the action and verification side of SuCarne	125
Figure 64. Principals Characteristics of SSPs .....	127
Figure 65. Assessment processes for Meat Handling Area .....	127
Figure 66. E-Tailing Business Models.....	130
Figure 67. Process for Logistic Management .....	132
Figure 68. Gacela Delivery Service.....	133
Figure 69. Percentage of Product Acceptance.....	136
Figure 70. Inflation Rates Tends .....	139
Figure 71. Price Range of What the Consumer has paid for a Barbecue Delivery .....	143
Figure 72. Matrix Interest Rate.....	147
Figure 73. Freezer Chamber Capacity .....	150
Figure 74. Beta Coefficient Graphic .....	153

## Table Index

Table 1. Diversification of Suppliers .....	21
Table 2. Total families' population from Km. 9,8 until Km. 21,5 of via la costa neighborhoods in Guayaquil, according to the information registered in 2010.....	35
Table 3. Ecuadorian population growth rates from 2011 to 2017 .....	35
Table 4. Total families' population from Km. 9,8 until Km. 21,5 of via la costa neighborhoods in Guayaquil considering population growth rates .....	36
Table 5. Number of families to be surveyed per neighborhood .....	38
Table 6. Pork's reference price USD/Kg.....	42
Table 7. Beef's reference price USD/Kg.....	42
Table 8. Current customers' categorization.....	42
Table 9. Pestle Chart .....	50
Table 10. Fixed Cost Division of SuCarne .....	61
Table 11. New Fixed Cost division of SuCarne .....	61
Table 12. Variable Cost of SuCarne (Source SuCarne) .....	61
Table 13. Fixed Cost Payroll of Su Carne .....	62
Table 14. SuCarne's External Capital .....	71
Table 15. SuCarne's Internal Capital .....	71
Table 16. SuCarne Inc. office Furniture .....	71
Table 17. Equipment for SuCarne Inc. ....	72
Table 18. Number of families and neighborhoods selected in the zone of via la costa.....	73
Table 19. Usual consumption of protein daily, by age and sex groups at national level.....	74
Table 20. Product acceptance by gender.....	76
Table 21. Family income by number of people per family .....	77
Table 22. Package measures .....	91
Table 23. SuCarne Product line .....	95
Table 24. Technical Features of the product.....	95
Table 25. Promotion medias of SuCarne Inc.....	98
Table 26. Evaluation activities matrix .....	103
Table 27. Basic information table structure .....	110

Table 28. Numeric Distribution table structure .....	111
Table 29. Pipeline table structure.....	111
Table 30. Phasing table structure .....	112
Table 31. Promotional Impacts table structure .....	113
Table 32. Forecast One table structure.....	113
Table 33. Procurement stage table .....	117
Table 34. Example of MAD Calculation.....	119
Table 35. Suppliers Proposal Table .....	119
Table 36. ABC Inventory Table .....	121
Table 37. Inventory Cost KPI .....	121
Table 38. Available of Inventory KPI .....	121
Table 39. Sales KPI .....	122
Table 40. Accomplishment of Forecast KPI .....	122
Table 41. Purchase Cost KPI.....	122
Table 42. ABC System KPI.....	123
Table 43. Purchase Order KPI .....	123
Table 44. KPI of Dispatcher .....	132
Table 45. KPI of Customer Case Fill on Time .....	133
Table 46. Weekly Meat Consumption per Family .....	135
Table 47. Demand Variables Table.....	136
Table 48. Families Target Number Table .....	137
Table 49. Demand Quantity Table .....	138
Table 50. Demand Forecast Table.....	139
Table 51. Balance sheet of Assets.....	141
Table 52. Balance sheet of Liabilities and Stockholders' Equity .....	142
Table 53. Percentage of Price Acceptance Table .....	143
Table 54. Price Forecast Table .....	144
Table 55. Income Forecast Table .....	144
Table 56. Break- Even Point by Product .....	146
Table 57. New Investment .....	146
Table 58. Investment Percentage .....	147
Table 59. Amortization Table for Investment.....	148
Table 60. Production Time Table .....	151

Table 61. Beta Coefficient Result Table .....	152
Table 62. Opportunity Cost Formula .....	153
Table 63. Data to Calculate WACC.....	153
Table 64. Cash Flow and NPV Result.....	156
Table 65. IRR Calculation .....	156
Table 66. Pay-Back Calculation .....	157

## RESUMEN

Este proyecto consiste en el mejoramiento de la Cadena de Suministro de la empresa distribuidora SuCarne basado en el Modelo SCOR, el cual permite fortalecer la cadena de valor interna de la empresa y ligarse a los actores externos del proceso. Esta propuesta se llevará a cabo a través de un nuevo canal de distribución e-tailing, el cual facilita la interacción directa con el cliente. El diseño de la investigación es no experimental aplicando un enfoque mixto para el levantamiento de data. El enfoque cuantitativo se lo realizará mediante la recolección de encuestas al nuevo segmento de la cual se demostrará su factibilidad a través de indicadores financieros. De la misma forma, el cualitativo se valida mediante de la utilización de entrevistas para la calificación de proveedores. El muestreo es no probabilístico por conveniencia debido a que se está enfocando en 13 ciudadelas de un sector específico de Vía a la Costa km 9,8 hasta 21,5. El objetivo principal del presente estudio engloba un plan de negocios para asegurar la reestructuración de la cadena de suministro realizada mediante el desarrollo de un nuevo portafolio de producto convirtiendo la nueva filosofía de la organización (B2C) en especialistas en cortes de carne de parrilla. El resultado obtenido es positivo, ya que abarca una TIRF de 36,34% y un VPN \$33.811,14 tomando en consideración una tasa de descuento calculada con el Costo promedio ponderado de capital tomando en consideración el coeficiente Beta, retorno de mercado, retorno del proyecto y la tasa de préstamo

***Palabras Claves: CADENA DE ABASTECIMIENTO; MODELO SCOR; CADENA DE VALOR; CANAL DE DISTRIBUCIÓN; SEGMENTO DE MERCADO; PORTAFOLIO DE PRODUCTOS; DIVERSIFICACIÓN***

## **ABSTRACT**

This project involves the improvement of the supply chain management (SCM) of SuCarne Inc. based on the Scor Model that enhance its value chain linked to external actors. The commitment of this proposal will be carried out through a new distribution channel as e-tailing, which allows the company to be integrated directly to the consumer. The research design is non-experimental applying a mixed approach as quantitative for demonstrating the financial indicators-statistical method and qualitative to collect interviews and qualify suppliers. The sampling method is non-probabilistic-purposive by focusing on a specific market segment as 13 neighborhoods from Via a la Costa Km 9,8 until 21,5. The main objective of the study embraces a business proposal to ensure the adjustment made on the SCM by developing a new portfolio of products through the modification of the organizational business model from B2B to B2C to become specialist on grill meat steaks. The results obtained are positive that encompasses an IRR of 36,34 % and a VPN of \$33.811,14 for a WACC discount rate of 22,58% calculated by an average of the Beta coefficient, market return, project return on the three scenarios and the loan financial entity rate

***Keywords: SUPPLY CHAIN; SCOR MODEL; VALUE CHAIN;  
DISTRIBUTION CHANNEL; MARKET SEGMENT; NEW PORTFOLIO  
OF PRODUCT; DIVERSIFICATION.***

## RÉSUMÉ

Ce projet consiste à améliorer la chaîne d'approvisionnement de l'entreprise Sucarne basée sur le modèle SCOR qui permet de renforcer sa chaîne de valeur interne et se lier avec les acteurs externes du processus. Grâce à la réalisation d'un nouvel canal de distribution comme l'E-tailing, l'entreprise aura une interaction directe avec le client. La conception de la recherche est non-expérimentale, en appliquant une approche mixte à travers des enquêtes pour développer une démarche quantitative de données qui peuvent démontrer les indicateurs financiers et statistiques. Aussi l'approche qualitative a été utilisée pour faire des entrevues et qualifier des fournisseurs. La méthode de l'échantillon est non probabiliste-intentionnelle la même qui se concentre sur un segment de marché spécifique comme 13 quartiers de Via à la Costa Km 9,8 à 21,5. L'objectif principal de cette étude comprend un plan d'affaires pour assurer la restructuration de la chaîne d'approvisionnement grâce au développement d'un nouveau portefeuille de produits qui répond à une modification du modèle de négociation et devenir une spécialiste des coupes de bœuf grillé. Le résultat obtenu est positif, puisqu'il comprend un TIR de 36,34% et un VPN de 33 811,14 \$ en tenant compte d'un taux de rendement maximal calculé avec le coût moyen pondéré du capital par le coefficient bêta, le rendement du marché, le rendement du projet et le taux du prêt.

***Mots Clés: La Chaîne d'approvisionnement; le modèle SCOR; la chaîne de valeur; le canal de distribution; le segment du marché; le nouveau portefeuille de produits et la diversification.***



## INTRODUCTION

Ecuador has a strategic geographic location where the cattle is raised under an outstripped climatic and productive condition due to the equatorial line it goes through. In fact, the national cattle production is about 200.000 metric tons per year according to MAGAP (Ministerio de Agricultura, Pesca y Ganaderia, 2015).

Meat products make up an inevitable component of normal Ecuadorian diet. Therefore, the demand of meat increases year by year and it undoubtedly should be satisfied. Although, there is a large group of Supermarkets, indoors markets that covered that requirement of the market, some entrepreneurs are looking forward to enter to that industry by offering low cost but not worrying about quality.

Thus, the small informal distributor and trading business appears on the scene. The informality of these kind of business, is due to the lack of official alignment and coordination because of an extremely passion and desire to obtain a rapid economic benefit. This desire, occasionally lead to take institutional processes and decisions without a framework as it was initially the case of SuCarne SCM.

This present project provides the opportunity for small informal meat business to consider the relevance of the supply chain management (SCM) to create value of their internal primary activities and develop a competitive advantage that could enhance quality rather than only low cost. This fact is based on a real case of a distributor and trading company SuCarne that presents several deficiency issues with the SCM.

SuCarne Inc. is a small informal business that plays a role of distributor and trading company of meat massive consumption products in four product lines such as beef, pork, poultry meat and sausages at their raw state in Guayaquil city. It was created on June 2015 as a partnership organization that satisfied a nonsystematic traditional market segment obtained by referential contacts, within the different sectors such as 7 restaurants, 6 retailers and 2 hotels in the urban limitation. The number of clients encloses around 15 clients.

Additionally, this scarcity of legal standards represents several problems with the Supply chain management (SCM) since August 2016 that carries out the temporary suspension of its operational activities. Therefore, the aim of this thesis is focused on the development of strategies for the renewal of SuCarne's SCM. The enterprise nowadays is looking forward to improve its supply chain management including its value chain activities that could generate an adding value in each organizational process.

The regular supply chain management of meat industry encompasses the following principal actors such as producers, slaughterhouses, wholesalers, retailers, and consumers. This SCM mentioned before also includes other intermediaries as freelance vendors and freight companies that means an increased on the sale price as actors they appear at specific stages of SCM.

On the other hand, referring on SuCarne's SCM, it comprises an interdependent and extensive chain due to the figure of distributor and trading company, it has a disadvantage of not controlling the production steps and not obtaining an entrepreneurial sustainable growth.

Furthermore, the value chain of this entity comprises 2 functional areas: procurement, logistics-operations. Each one of them encircles failures that at the beginning were bearable but as time passes by it becomes untenable to achieve a vertical and horizontal growth that allow committing profitability.

In addition, the procurement department does not make the appliance of a diversification theory referring to the selection of suppliers as they depend on only one in terms of beef and two more for the other production lines as poultry, sausages, and pork. Indeed, this dependence does not give more choices for requesting and complaining about quality standards.

Generally, and affirmed by the CEO of Digeca (Williams, 2017) any enterprise could not enter into the meat business offering a common commodity in its natural state, the new entrance companies have to develop a strategy of distinction and creativity to catch the attention of customers.

The current business proposal arises in this thesis, is focused on an integral improvement at different stages of SuCarne's SCM, in order to correct inaccuracies presented in the previous process, thus the amelioration of them based on new manufacturing practices and constitutional standards that conduct to a generation of value in the internal course of actions. Henceforth this background, SuCarne aim to embrace new market opportunities that could give a wide differentiation from the typical meat industry competitors. Becoming an expertise on grills as special beef cuts that are a product line that is not fully exploited at the Ecuadorian market through a direct proximity to consumers.

## **ARGUMENT**

The argument explains in this section, will be compounded by two parts. One to describe the concern of a Supply chain management (SCM) in an organization, as the case of SuCarne's SCM deficiency, and the other to justify the reason why this project will be focused on finding a mean to be approach to direct satisfaction of consumers within a B2C model. This model will be replaced the current nonsystematic market segment where Sucarne works as well as the lines of product the enterprise.

The importance of the Supply chain management in an organization has a relevant figure in every single aspect because "It is an integral part of most businesses and it is essential to company success and customer satisfaction" (Council of Supply Chain Management Professionals, 2016). As Supply chain takes up part of different external operations such as procurement and inbound/outbound logistics, it should be well performance in order to develop a customer retention, reduce operational cost, boost the profitability of the company and improve quality of life of employees.

Nowadays, SCM is only associated with the purchasing part and delivery of the product or service, but most entrepreneurs do not realize that with developing an excellent structure of SC, they are enhancing their profit, ensuring their vertical and horizontal growth, It also contributes to the society referring on job creation and a better quality of life because the SCM represents the core business of a company. It represents a direct presentation of an enterprise's products or service, kindness of human resources, empowerment of processes and procedures. Also , it could be seen as the main organizational plan to get in contact with customers at the market. An institution always begins from the development of the SCM because this department is the owner of the way of working of the whole company.

For this reason, the objective of this project is to demonstrate the impact of the SCM, having a particular business case of a company named SuCarne, which its SCM is not well-defined a function. This has carried out organizational, technical, legal and financial issues within the market,

customers, and employees for the lack of knowledge of the owners of SuCarne. The solution is based on a business proposal that embraces different strategical decisions projected, that will cover the improvement of several areas the enterprise. The main goal is to create a value, determine the substantial competitive advantages of SuCarne and a reengineering of process and procedures at every level.

On the other hand, from fact that SuCarne does not have any operational activity since August 2016 and supported on the several interviews made to the previous market segment, the company has lost its percentage of market share being replaced by its suppliers such as Pronaca, Faina and Liris.

Despite of the improvement of the SCM proposed to the company, it could not compete again with this three big positioned companies. They operate under a vertical market integration, that give them the power of negotiation, production, supply capacity response and systematic delivery. SuCarne was easily push aside because it did not repackage the bought products, so that it was like an authorized supplier. For instance, the company did not have a formal brand to position to clients.

Another point is that number of intermediaries that participates all over the processes causes that the prices rises up on the same manner, SuCarne has not a negotiation power to manage low prices as producers could.

Referring on the product line, the project is changing the focal point of a B2B business model delivering massive consumption products to a new market niche segmentation due to the strategy of differentiation and specialization of the market, that is a requirement on this type of industry according to (Williams, 2017). SuCarne is pointed to a new specific market segment in a geographic zone that could comprises proximity and low distribution cost per sector on the basis of the improvement of the SCM that allows to create competitive advantage and promote the brand. For this reason, after a market research, a need was found on via a la Costa due to the geographic distribution and difficulty of mobilization they own.

The enhancement of the Supply chain management of SuCarne involve a new line of business different from the other failure it has. Now, it will take

on consideration the suggestions made by the traditional market to improve the internal and external processes. To take advantage of renewal intrinsic strengths, SuCarne will develop another business model as B2C to allow it to have a direct approach with clients and reduce operational cost on intermediaries at the SCM. Dealing with final consumers give the company the power to get to know them and satisfy their likes and preferences as a distinguish factor.

## **Research Questions**

Generally, research questions inquire about the specific objectives of the project:

1. What is the current situation of distributors and trading companies of meat at the industry?
2. Does the demand of meat surpasses the supply that the market provides?
3. Does selling the meat at its raw state gives an add value?
4. What are the entrance barriers to form part of this market segment?
5. What is the organization strategy SuCarne has?
6. What are the legal standards SuCarne invoke in its operations activities?
7. What is the technical condition of SuCarne infrastructure to operate?
8. Do the strategies developed will performance huge restructure decisions?
9. What is the financial plan to demonstrate the feasibility of the project?

### **General Objective**

Design a model for improving the supply chain for the distributor and trading company SuCarne Inc.

### **Specific Objectives**

1. To analyze the environment and market behavior of the meat industry in order to calculate the potential supply and demand of the product and possible factors that could affect the distribution and trading business of meat.
2. To evaluate the organizational, technical and legal aspects to be within consider the new parameters proposed into the enterprise structure and the strategic planning of the company.
3. To develop business strategies within the analysis of each area of SuCarne in order to obtain short, medium and long terms results that allow improve the supply chain management of the company.
4. To determinate and assess the financial ratios that show up the project's feasibility: NPV, IRR and Pack-back.

### **Hypothesis**

The improvement of the supply chain management will boost SuCarne Inc.'s profitability through financial indicators as IRR, VPN and PAYBACK.



### **Theories to be applied to enhance General Objectives**

The theories apply to this thesis are shown in the Theoretical Framework in order to give a support to the General Objective the project wants to achieve.

Each one of them has been searched so that it could support the thesis statement on which the work is focused. It has been relevant to perform only the three specific approaches to delimit the theoretical framework and that is going to be a deal in this proposal in case someone read the key word of this theories you could associate the topic developed.

These ideologies embrace philosophies around Strategic Entrepreneurship as a result of an evaluation of the business processes with the aim of creating value and develop core competencies of an organization. As well as, measure them by the Supply Chain Performance theory through KPI's and indicators that could diagnose the current situation of the company. Furthermore, the financial theory of diversification of risk is important to be aware of the possibilities SuCarne will have at the moment of choosing suppliers and open new lines of products to market segments.

## **Problem Formulation**

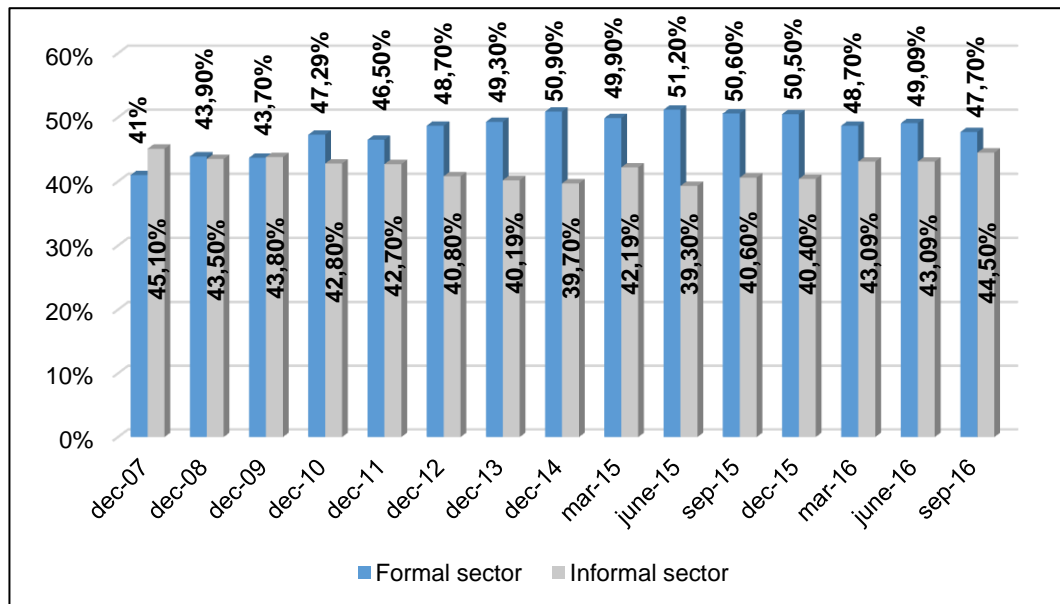
### **Background**

In Ecuador, the demand for meat products especially bovine production has been covered around a 94% since 2015. As well as the supply and the demand are fluctuating in closer ranges, so that it could be evident there is an apparently national market satisfied, the supply of it increases year by year. Therefore, some distributors and traders' companies are looking for a business opportunity in this sector (Ministerio de Agricultura, Pesca y Ganaderia, 2015).

At the market, there will be a gap for creation and improvement about the informal small business that is the reason why some new brokers of the meat industry have the desire to participate in this market segment. Undoubtedly, "for humanity, there will be the requirement to satisfy personal needs as feeding" (Maslow, 2012, pág. 3). As a consequence, it does not matter how many providers could be in a country due to final acquisition depends on consumers' behavior and decision. Also, it is important to mention that it is exceptional for a place to choose who's to buy instead of a scarcity. Particularly this statement could be verified with Thomas Malthus theory encompasses "while resources tended to grow arithmetically, populations exhibit exponential growth" (Boundless Sociology Boundless, 2016, p. 1).

The distribution and trading dealer's stage has become an interesting figure on the market for small business. Therefore, the numbers of these commercial establishment have increased significantly. They wanted to belong to this dynamic category to take part of the PEA. Some of these brand-new intermediaries' characters that appear at the market as suppliers adopt an informal trade at the Meat Industry. "There are 33 commercial establishments of meat in the city of Guayaquil" according to (Revista Lideres, 2013, pág. 1). This fact is an especially announcement that there are more traders and distributors that do not figure out as legal and authorized companies to be dedicated to this activity as indicate **figure 1**. Furthermore, the majority part of them could supply every kind of meat without a completely quality performance and infrastructure required.

On the other hand, SuCarne as part of this minority of small business group has the ambition to distribute and trade four lines of production as beef, poultry, sausages, and pork. Despite it offers a good quality on its meats 'cuts, it aims to differentiate from the category of small informal business at the meat industry. This remark could be achieved by designing a business proposal for improving their supply chain management taking actions on their quality and prices to the market.



**Figure 1.** Small Informal Business rate

Taken from: (ENEMDU, 2016)

### Contextualization of the Problem

SuCarne Inc. is a distributor and Trader Company that takes part of the meat industry. It offers a variety on its portfolio that includes beef, pork, poultry, and sausages. Its commercialization strategy operates through a traditional distribution channel covering a dropped territory market at the South, North, and Downton of the city. Therefore, it has been divided into three categories such as institutional as restaurants, retailers as meat trader's business butcheries and outdoor markets, restaurants as Fast food wagons and familiar restaurants. It is worth to mention that SuCarne involves a non-characterized and standardized Supply Chain management that lead to some informal procedures.

“Supply chain management (SCM) is the active management of supply chain activities to maximize customer value and achieve a sustainable competitive advantage”, (North Carolina State University, 2017, p. 1).

Nevertheless, small businesses actually do not give the relevant importance to it because they do not realize the strategic planning contribution it adds to their business as identifying their competitive advantages. Nowadays SC is considered to be a powerful tool that enable to create value in the accomplishment of processes and procedures. As well as, interconnected them to accomplish some technical standards and give a formal framework to different business stages. Obtaining, as a result, an improvement in their performance targeting efficiency and effectiveness in the several organizational processes.

On the other hand, SuCarne's informal procedures encompass delays on lead time, inappropriate quality management of the cold chain that provoke a dissatisfaction of the target market. Indeed, it involves the process of the execution of procurement to the on-hand distribution to clients at the determined sales points it has been mentioned. For instance, the company is supported by a sole supplier on the procurement stage named *Pronaca* S.A, which contemplates an issue of not having a diversification of meat sourcing.

Even though, the corporate group *Pronaca* adds a value of response to the organization due to their excellent capacity of sourcing and replenishment. It is undoubtedly the financial disadvantage that SuCarne could have in comparison to this holding. This financial disadvantage commented before is due to their complex infrastructure, negotiation power and integrated business strategy that could be represented as a threat to other distribution and trading centers. As it could develop direct distribution methods avoiding every broker at the market segments avoiding brokers. Despite this prejudice, it has not refrain the desire of the company SuCarne Inc. to enter into this localization at meat industry in order to find a market need to be supplied

Although the complications highlighted above, SuCarne S.A implemented one strategy to grant payment credit to its customers which could benefit them. Unfortunately, an earthquake took place in Ecuador on April 16, 2016, the Ecuadorian economy took contractive measures which led to speculation regarding the economic stability. This external environmental

aspect has a great impact on the company's profitability obtaining as result a decrease of the volume of sales.

Therefore, the purpose of this research is to design a business proposal that reinforces a well-defined SCM of SuCarne. This allows the company to apply a re-engineering of processes and procedures encircle the supply chain departments it counts. The corporative, technical, marketing strategies that will be developed are focused on a complete improvement of the SC as well as reach a customer retention and loyalty of the current market sector. Once, the restructuration is made, the organization is looking forward to introducing of a familiar product line through a particular niche market to reach a financial profitability for the distributor and trading company SuCarne Inc.

## **Theoretical Framework**

### **Strategic Entrepreneurship**

According to Michael A. Hitt, David G. Sirmon & R. Duane Ireland (2012) Strategic Entrepreneurship (SE) is built “on research from multiple disciplines such as economics, psychology, and sociology, along with other sub-disciplines in management including organizational behavior and organization theory” (p.57). SE correlates two huge dimensions as strategic management (SM) and Entrepreneurship (E) with the objective of creating a theory that could involve the three main resources of a company: individuals, organization and societal aspects. This nexus between SM and E allows the enterprise to hold a formal framework in which it could be aware of its own core competencies and take actions to generate new opportunities on the market based on that key factors predefined.

Indeed, to accomplish the SE theory it is necessary to embrace input-process-output model (IPO) that extend the understanding of the SE construct. This logic representation serves to identify the importance on the participation of the material and abstract resources of the company. So, that the performance of all these factors geared together could be analyzed in the business operations. Obtaining, as a result, information over which of them will create more value and competitive advantages to the company.

In addition, to gather more significant data from the (IPO), the enterprise had to evaluate each argument from the inputs evolving characteristics, knowledge and skills that could define the essence of the business model organization. Therefore, the outcome will achieve success sustainability in creating advantages for different actors of the institution as customers, stockholders, Ceo’s, suppliers and competitors. The foci purpose is to establish a multilevel strategic approach for entrepreneurship that could fulfill the needs of these characters mentioned before (Hitt, David, & R., 2012).

Furthermore, once the input and output model is made then it is predominant to discern and make a connection between the different

business units' processes that a company normally managed to review whether the systems are developing their correct function according to several standards the model possess. Meanwhile, the company explores new opportunities through its entourage and market. In fact, SE is concerned with advantage-seeking and opportunity-seeking behaviors resulting in value for individuals, organization, and society (Hitt, David, & R., 2012).

The proposal to perceive how new firms could achieve short term and long term goals is done by discovering one or more substantial qualifications and proficiency. This provides incentives to research about the innovation of management that carries out SE design. As it encompasses four key dimensions: "(1) the entrepreneurial mindset, culture, and leadership, (2) the strategic management of organizational resources, (3) application of creativity, and (4) development of innovation" (Hitt, David, & R., 2012).

SE theory presents an integration of two concepts: entrepreneurship and strategic Management. Referring to entrepreneurship it is about starting a new own firm with a venture capital focused on satisfied first professional self-realization rather than create wealth immediately. On the other hand, SM gives a perspective of leverage innovation methods so that the company could be differentiated from their competitors and create a unique product market opportunity.

As a matter of appliance of the Strategic Entrepreneurship theory, it is important to mention several aspects that will be regulated in the SuCarne business proposal. The company SuCarne will attach this SE construct to its operations in order to standardize the supply chain management guiding it to a formal framework. In general, the Ecuadorian meat market has been already sourced along all these last years. Even though, there is still a segment where SuCarne distributes that there is a latent need of quality product and lead time compressions. For this reason, SuCarne takes up the approach of SE theory to enhance a re-engineering of SCM processes that will let it add value to their products and services, seek for more competitive advantages, performs outstanding legal requirements that could reflect consumers 'satisfaction.

## **Supply Chain Performance Measurement**

“Supply Chain performance measurement is generally defined as the process of quantifying the efficiency and effectiveness of action” (Agami, Saleh, & Rasmy, Supply Chain Performance Measurement, 2012, p. 2). Due to its purpose that is the reduction of costs as distribution cost, transportation cost, maintenance cost and delivery time; for that reason, is that this theory its first approach is the establishment of the goals or standard that the company wants to achieve that will allow detecting the Key Performance Indicators (KPIs) in Supply Chain and measuring the effectiveness of the different activities of each process.

Moreover, one of the means to carry out these measurements of the indicators is through the Balance Score Card (BSC) that establishes a comparison between indicators of current results and past results. Also “a purchasing and supply chain performance evaluation system represents a formal, systematic approach to monitor, assess, and improve purchasing performance” (Monczka, Handfield, Giunipero, & Patterson, 2016, p. 756). In other words, promote a better control about KPIs and the continuous improvement of the different organization areas with a process more lean and standardized.

Furthermore, in the case of distribution management, these indicators measurement would be within the input and output process of a product such as “Transportation measures include tracking actual transportation costs against some pre-established objective, demurrage and detention costs, and premium transportation. Transportation carrier quality, delivery performance levels, and transportation lead time can also be measured” (Monczka, Handfield, Giunipero, & Patterson, 2016, p. 761).

Therefore, it's necessary to make a benchmarking with the purpose to have a reference framework taking into account the objectives of the company over time. This “Performance target that represents an external focus (e.g. developed by benchmarking) and internal focus to achieve certain corporate goals (e.g. developed during internal strategic planning sessions). This target needs to be reviewed and adjusted regularly” (Sabri, 2012, p. 7). Then an improvement related to benchmarking is to take a



process or model that has been developed previously in a particular case and adapt it to the management of an area or process of the organization that seeks to be more effective in its activities.

Besides, the result obtained through the analysis of the indicators “enables managers to observe the balanced view of both operational and financial measures at a glance. That propose four basic perspectives that managers should monitor as follows: Financial, Customer, Internal Business Processes and Innovation and Learning Perspectives” (Agami, Saleh, & Rasmy, Supply Chain Performance Measurement, 2012, p. 6). However, to make a decision more accurate, it is necessary to consider the crossing of information to assemble strategies in different areas.

Consequently, this theory encompasses information of key activities that promote an improvement in the processes in order to it could serve as a proposal to add value to products and the service to consumers. Furthermore, applying to the case of SuCarne this type of Supply performance measurement will focus on lead delivery time and the reduction of costs allowing the enterprise to be competitive in the market within a formalized and standardized distribution channels. But there are several factors that the company must also take into account in order to know in which field could be more competitive and that depends on the market segment.

For example, for the traditional market, the customers take more importance to product price and the delivery time more than product quality. Nonetheless, there is certain zone such as hotels in the current market that value more the product quality, the handling of delivery and the follow-up to the customer satisfaction that the price. Otherwise, the new market will manage its distribution through a delivery outsourcing which allows that the business efficiently focus the time in product development, customer loyalty and brand positioning in a new zone; because the purpose is to diversify risk and logistics costs as well as direct distribution to the consumer.

Finally, Sucarne Inc. through a balanced scorecard, it can have a better internal control as a register of its indicators about delivery time, purchase

reorder, stock time and the performance time of each process that determine the efficiency in the input and output of the product giving as result the reduction of unnecessary costs and waste during the different process, following with norms and standards for the handling and manipulation of the meat. This, in turn, allows to take decisions and to plan strategies that achieve the increase of the sales, brand positioning, and consumer loyalty.

### **Financial theory of diversification of risk**

The financial theory of diversification could be embraced at any level of the business sector as well as it gives investors the opportunity to make more money by investing in different enterprises that could or not be from the same market. There a phrase that told, never to put all the eggs in one basket, so that at the moment something occurs in the market, people could lose all the money in an only investment. Because there are always external factors which the investor cannot control in its entirety but take precautionary measures to address them.

According to Boundless Finance Boundless (2016) "Diversification is a technique for reducing the risk that relies on the lack of a tight positive relationship among the returns of various types of assets" (p.1). The objective that this word has is to prevent stockholders from terrible outcomes may happen in the future. Undoubtedly, the risk is a permanent concept that will be surrounded every single investment but it had to be managed as a positive framework.

As a businessman, there are 3 main possibilities to do a bankroll. The first one is put money on correlated assets, the other on partially and finally on non-correlated ones. From each one of them, it is important to be aware of three simple things: what they want to obtain, how much they want to gain and what are they supposed to play the role to get it. Likewise, return and risk is two closely meaning that are not going to participate without each other. If someone has the ambition to obtain a considerable percentage of return, it had to invest in assets that could have a high rate of risk. The game consists on riskier the investment is, the higher return will obtain.

On the other hand, according to Sa'adu Abdul, Tsoho, & Dogara (2016) Modern Portfolio Theory (MPT) describe "the impact on portfolio diversification by the number of securities within a portfolio and their covariance relationships" (p.102). This theory is also known by the Capital Asset Pricing Model (CAPM) pretends that the capital invested finds an equilibrium in the market which "select a weighted collection of investment assets that together exhibit lower risk factors than investment in any individual asset or singular asset class" (Sa'adu Abdul , Tsoho, & Dogara, 2016, p. 102).

Namely, CAPM evaluates through a weighting of two or more investments to know in percentage which of the two or more projects has greater significance or greater return with the minimum risk that this can have in comparison to the others; This is what is called risk diversification optimally. Furthermore, this diversification of risk, for more statistical purposes, is measured by the variance and the standard deviation of the portfolio which is a weighting of the total investments. In this way, it is expected to obtain a secure combination of investments with an acceptable amount of risk per project for the investor.

Referring to SuCarne Inc. case, the financial theory of diversification has its appliance at the development and improvement of the procurement process. It is considered as a crucial phase of the company's Supply Chain Management due to its business categorization. At the time, it is a distributor and trader enterprise at the meat industry, it implies a rigorous selection of suppliers, lead time of delivery and replenishment. This election has to be done evaluating different factors and standards required to achieve a Key performance indicator, previously established by SuCarne Inc. Therefore, a diversification of providers allows to reduce the risk of not depending on only one.

In the other hand, it helps to identify their key competencies as well as the line of products that gives more volume of sales and it contributes to more profitability's margins. In addition, the operation of this theory can be reflected not only in the purchase part but also to identify possible potential clients that the company can acquire for a new distribution

channel, considering the consumer buying trend in the future; thus, obtaining an analysis of the optimal combination of the portfolio.

In conclusion, the combination of the three theories which are based on value added, organizational improvement, identification of KPIs along with the analysis of these indicators and the measurement of optimal combination of risk diversification will be the basis for the redesign the traditional supply chain. Offering a quality product, and focusing on satisfaction and good relations with both suppliers and customers; which will have as a consequence the profitability of the company.

**Table 1.** *Diversification of Suppliers*

Information from Suppliers				
Products	Suppliers	Delivery	Location	Level of dependency
<b>Beef</b>	Meat Distributor "Solis"	Go to the store	South	100%
<b>Pork</b>	<i>Faina</i>	Delivery Service	Cdla. Santa Leonar mz 25	100%
<b>Poultry</b>	<i>Pronaca</i>	Delivery Service	Km 16.5 Via Daule	50%
	<i>Faina</i>	Delivery Service	Cdla. Santa Leonar mz 25	50%
<b>Sausage</b>	<i>Faina</i>	Delivery Service	Cdla. Santa Leonar mz 25	100%

**Note:** Courtesies from the authors.

## **Conceptual Framework**

### **Distribution and Logistics**

“Logistics is essentially a planning orientation and framework that seeks to create a single plan for the flow of products and information through a business” (Christopher, 2016, p. 2). That says, it coordinates all the processes of different entities inside the supply chain such as suppliers, the organization, and the customer.

For example, the supply chain management integrates and coordinates all the process in such a way as to maximize value-added and minimize cost into different stages; such as the input of raw materials, the stage of product conversion and the output of the final product or service a final product or service. These processes are defined in different phases such as the purchase phase, the logistics phase, the operational or organizational phase, the product transformation phase, the product distribution and delivery phases; allowing to satisfy a customer's need. In the case SuCarne Inc. its supply chain focuses mainly on the procurement phase in which it requires having several suppliers for the different lines that they commercialize and the distribution phase that encourage to reduce costs and delivery time, promoting good relationships with the consumers.

In accordance with Margaret Rouse (2015) "a distribution channel is the network of individuals and organizations involved in getting a product or service from the producer to the customer. Distribution channels are also known as marketing channels or marketing distribution channels" (p.1). Namely, the distribution channel involves to all intermediaries along the road trade between seller and buyer such as wholesalers, distributors, agents, retailers, and consumers. Therefore, depends on the number of intermediaries that exit into the distribution channel to say whether it is direct or indirect to the final consumer.

### **Innovation management**

“Innovation management is the process that encompasses the whole range of decisions, activities, and measures in order to facilitate the transfer of an idea into the business value” (Kragujevac, 2014, pág. 11). Innovation could be applying in different areas of an organization since a

creation of a new product or service until designs of strategies to achieve goals at the financial departments. Create, elaborate or produce something original facilitate enterprises to respond to market challenges and reach customers satisfaction.

Realizing about surroundings, it is common to observe that people only think something is an innovation if it there has not been invented yet. But, an innovation management implies everything that has never come to your before. In this form, successful people start the brainstorming process to obtain brilliant plans that could create a value and accomplished perspectives of different market segments.

“The innovation system includes three main elements: the knowledge generation sub-system, the knowledge application subsystem and the linkages between these two sub-systems” (Kragujevac, 2014, pág. 12). These elements mentioned above have a positive and significant correlation due to each one of them represents a stage in an individual innovation development process.

It could be compared with a cyclical creativity idea creation process, as the generation of it comes from any figure or information that comes to the mind and people differ from imagining it. Then, the brain processes this information or image in order to look for a functionality of it that could attract and satisfy market needs. So far, after these two processes had completed, the idea is shared and contextualized to the external world.

On the hand, giving a different context, the first one includes the creativity given by institutions such as Colleges, Universities, technologies centers that help people to explore their perceptions and be focus on the space and time. The second one is related to the business and job opportunities people could have once they have developed the skills of explores their potential. So, that with their strength they could bring competitive advantages to the commercial sector. The last one is linkage on how humans could enhance natural abilities strengthening of their management over the three most important companies’ resources: individuals, society and environment.

### **Triple Bottom Line Guided**

The triple bottom line helps the organization to create value for every economic, environmental and social unit that encompasses an enterprise. Indeed, this added value must be tangible, real and verifiable, so that it could not only be about making strategies and plan to increase the appraisal. it is working all its activities and procedure demonstrating this.

Triple Bottom line contributes to the decrement of constraints generating a just in time process that leads as well as to the reduction in cost, time and waste in order to achieve an increase of profitable margins. Also, the TBL helps the organization to quantify and measure the company's performance that encompasses three important dimensions of business areas as individuals, society and environment.

"This notion is used to grasp the entire set of values, problems, and processes that a company needs to take into account in order to minimize any harmful effects resulting from its activities" (Rojek-Nowosielska, 2015). According to TBL, this model touches specific elements of the dimensions mentioned before as Profit, People, and Planet. They are considered as the 3P's.

Concentrating on this factors as a best practice to reach strategic Supply management carries out an effective lean manufacturing during a business process. The learner activities are, the more it is to assess. That is the reason why departments inside an enterprise have not to be Silo operated. Silo guided departments do not allow the information to flow and disrupt communication inside the organizational structure.

### **Competitive Advantage**

"Competitive advantage is unique position against for an organization's rivals with the efficient use of resources, it is caused most widely". Indeed, it could be defined as a "collection organization unique features that allow it that better performance than their show competitors and competitors are not easily able to simulate" (Niki, Samira , & Esfahan, 2013). Competitive advantages are attributes that will make the organization to be difference from the others as their processes, procedures, products, services, quality, profitability that give the participation at the market.

“Efficiency is the extent to which customer requirements are met, while efficiency measures how a company's resources are used economically to achieve a predetermined level of customer satisfaction” (Agami, Saleh, & Rasmy, Supply Chain Performance Measurement, 2012, p. 8). Namely, the efficient consider a relationship between planned and actual information, resources or results that generate a satisfaction to the customer and the organization.

“Benchmarking is the continuous measuring of product, services, processes, activities, and practices against a firm's best competitor or those companies recognized as industry or functional leaders” (Monczka, Handfield, Giunipero, & Patterson, 2016, p. 756), which take the reference the strategies, procedures, models and technique to improve the final goods or utilities that enhance a competitive advantage and a market differentiation.

KPIs allow evaluating business activity against a static benchmark which this indicator measuring, in the case of a supply chain, the effectiveness and cost of the different process. In turn, it helps quantify the factors that are keys to a strategic plan at the time to be more effective and efficient in the activities of each supply chain stage as Order capture, Inventory Management, and Purchasing and supplier management, Production/Manufacturing, Warehousing, and Transportation. Otherwise, the KPIs quantify the results the several activities which these activities may depend on one another (Logistics Bureau, 2013, p. 1).

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Lead Time in purchasing “covers the time from the order release point to the point when materials are received to the buyer’s stock or the materials are shipped”, (Lalu, 2015).Indeed, it means that once a client orders a specific product, the supplier company have to challenge times so that it could respond to customers at the moment they required. This quick response is done for an excellent management of SC as well as inventory. Sometimes, it is hard to believe that if an institution makes a fast delivery of a product or service accomplishing lead times, it could not achieve quality standards, but it depends on the level of the supply performance and measurement the company is involved.

Diversification “is about building new products, exploring new markets, and taking new risks and to hedge your bets and ensure that, if one of your investments doesn't pan out, you have a backup plan to buy your portfolio” (Craig, 2015, pp. 1-2). The diversification is a strategic state that seeks to address the key activities of the company optimally with the purpose to obtain the opportunity to react to problems easily and quickly. For *SuCarne Inc.* the theory of financial diversification of risk defines its core business at the selection of customers and introduction of new product lines in different market sectors.

Financial Risk “It is the extent to which the actual result may deviate from the expected result that makes a situation risky” (Moles, 2016). On the other hand, risk management could be applied to control several areas such as manufacturing, finance, logistics, and health. The management of risk is a systematic performance in order to search, identify, analyze and execute responses to a specific situation in trying to diminish critical scenarios that could cause losses of assets or money.

### **Quality management**

To generate an explanation on quality management that fits this study, it takes into account the concept granted by International Organization for Standardization ISO (2015):

Quality management principles are a set of fundamental beliefs, norms, rules, and values that are accepted as true and can be used as a basis for quality management. The QMPs can be used as a foundation to guide an organization’s performance improvement (p.3).

For this it is important that the company first is aware of its business turn, then it should describe the specific process that it intends to standardize in terms of quality with its respective justification of why it should be done as an organization, at the instant knowing that future benefits once implemented that the company can have once implemented the norm and lastly the action to take for its proper standard application and its principles that should be in accordance with organizational strategic planning that promotes the continual improvement.

This principle of quality management serves as a guide for the company, when it wants to implement an internal standard that employees can follow, improving and properly defining the activities of various processes that affect the product quality and turn in the satisfaction of the client. However, these types of improvements are not usually welcomed by certain collaborators which it entails training staff on the importance for both the company and for them the implementation of this norms.

## **Portfolio management**

“Portfolio management is the coordinated management of one or more portfolios to achieve organizational strategies and objectives” (Hyväri\*, 2014, p. 2). In other words, it allocates optimal resources in the different processes to consolidate the corporate strategies in accordance with the mission, vision, and objectives of the company.

For the section of a portfolio should consider the experience and the correct observation that the investor has on a particular market. In addition to an analysis that may be probabilistic about future results, which turn out to be investor expectations and beliefs with the purpose Reducing risk and maximizing profits; Giving greater security and confidence to the investment made. This is complemented by the theory of diversification, which recommends not investing or concentrating all the risk in a single asset and carry out investment strategy.

According to Project Management Institute (PMI) the portfolio management “Executed effectively, it delivers solid business benefits—whether it’s greater efficiency or a boost to the bottom line” (PMI, 2012, p. 9). Namely a correct diversification strategy can bring new ideas that promote either the way to market, how to produce a product, the selection of suppliers and the breadth of new customers, which is advantageous for the profit of the company, in the processes efficiency and to innovate in different techniques that previously the organization didn’t realize, as the way to distribute the product.

For instance, *SuCarne Inc.* can implement the concept of portfolio management in the input and output of supply chain respect to the suppliers of the product that gives greater profitability to the company, which is the beef. Likewise, a portfolio of clients that can be distributed by zones, north, south, and center. Giving way to the organization, realize the shortcomings that may have the current segment and want to open a new distribution channel to diversify risk and portfolio of customers.

## Referential Framework

There are two main companies that compose the referential framework of the project such as the Meat and food distributor *Digeca S.A* and *Embulac- Embutidos Orellana* because both are real constituted companies that participate in the meat industry. At their opening, they started as small entrepreneurship activities that have grown step by step with the respective alignment of legal standards and an official management of their supply chain.

*Digeca* is a distributor of meats and foods dedicated to the marketing of all kind of steaks of imported and national meat especially beef and pork. It began its operations as an imported raw material trading organization in 2005. In 2010, it becomes a large national provider being a reference for other enterprises of the meat industry, (Digeca, 2016).

Since 2012, *Digeca* aligns its business processes and procedures to Ecuadorian legal standards and the transformation of the integral productive regional matrix converting themselves as producers of meat. This formalization allows the reduction of imported meat goods and replacing them with national production of ranchers. Indeed, the enterprise has obtained several qualifications of *Agrocalidad* as the HACCP norm and good manufacturing practices (GPM).

*Digeca* to run their operations has made substantial investments in their physical infrastructure that could lead to an efficiency of their organizational, production and quality performance.

The evolvement that the Company *Digeca* has, is very particular and similar to the current development of *SuCarne* before it obtains a formal authorized framework. The difference between *SuCarne* and *Digeca* is that the company last mentioned has explored into the production scheme of the Supply Chain and is opening lines of production with a competitive value.

Undoubtedly, this particular case represents a great example to identify and analyze issues during the performance of the SCM of *Digeca* and execute strategies to improve them.

*Embutidos Orellana* (Embulac) is a distributor and trading company of the sausage factory that trades a different kind of assortment of sausages of several famous brands. The owner of the company is Alex Eduardo Orellana who is a young entrepreneur that wants to create an independence to his revenues as well as contribute to the reduction of unemployment.

The company is looking forward to going 3 links back on the value chain of the sausages industry according to (Orellana, 2017). *Embulac* attracts the demand of customers from offering a variety of sausages made from beef, poultry, and pork. Eduardo also commented the importance of managing a good performance of the supply chain on a distribution type of enterprise is so relevant for get success because as an owner, you must have the sufficient stock to always give clients what they need and satisfy them See **Appendix C**. He said it is difficult to be 100% profitable when the company made up part of an intermediary actor on the supply chain but there are different strategies compounding the SCM of an enterprise that could make you different, (Orellana, 2017).

## Legal Framework

Within the legal framework of this work, there are both alignments as obligations, which must be followed by the company to enter into to a formal and legal operation of its activities. For that reason, this entrepreneurship project having no frameworkd through norms, laws, and several obligations that have been established by different government institutes, it must be relevant to implement a formal supply chain and a legally constituted company. In consequence, according to article 13 of the Constitution of the Republic of Ecuador establishes that “individuals and communities have the right to safe and permanent access to healthy, sufficient and nutritious food, preferably produced locally and in accordance with their diversity and cultural traditions” (Official register #449, 2008, p. 13).

- Companies Superintendence in which the *SuCarne Inc.* is affiliated, it fulfills all the requirements for its due constitution as a company, as well as the presentation of its balance sheets and the reports that this entity requires guaranteeing the transparency of the economic activity.
- Social Security Ecuadorian Institute with its acronym in Spanish (IESS) through the fulfillment of affiliation and a minimum amount of salary to the company’s employees.
- The enterprise obeys the ordinances of Guayaquil municipality through facilities usage permission that must be renewed yearly, as well as the permits granted by the meritorious fire department.
- Ecuadorian Technical Regulation with its acronym in Spanish (RTE) INEN 056 MEAT AND MEAT PRODUCTS issued in 2013.
- The National regulatory agency, control and sanitary surveillance with its abbreviation in Spanish (ARCSA) through of its Unified Sanitary Technical Standard for Processed Foods, Food Processing Plants, Distribution Establishments, Commercialization, Food Transportation and Collective Food Establishments, issued in 2015.
- The Meat Expenditure Control Ordinance, which establishes according to its articles 11 and 12, the sanitary norms for the transportation of any type of meat within the city of Guayaquil.

- Also, it obeys the quality norms established by the Ecuadorian Institute for Standardization with its abbreviation in Spanish (INEN) in which the company must comply with INEN 1338 issued in 2012 in which it establishes that meat products must not present microbiological alterations that cause the deterioration and the decomposition of the meat at the time of its commercialization.
- Likewise, it takes as a reference the norms and quality standards established by good manufacturing practice (GMP) for meat products and ISO 9001 Quality Management System.

## **Methodology**

### **Research Design**

For the present study, has been defined a non-experimental research design and with transectional approach, because in this manner the independent variables are not manipulated by the researchers, but are observed and analyzed as the study phenomenon presented. For example, the volume of purchase by the customers, the acceptability to the price, the satisfaction of the consumer with a quality product and its perception to the form of distribution. Which variables are clearly obtained through the observation and description of the results.

In addition, it is a transactional approach since the observations made and the collection of data, criteria and different types of information is done in a given time with a descriptive approach to the measurement of the data. This allows evaluating factors of a moment defined by the investigators when conducting the surveys and interviews that give as results that these are influenced by the behavior of that moment of the person to whom the interview or the interview is carried out.

### **Type of Investigation**

This entrepreneurship project has a mixed research approach, that says, a quantitative approach due to the numerical measurement of the different financial and statistical indicators that is obtained through the tabulation and analysis of the surveys, as a qualitative approach because part of the information collected is based on interviews with experts in the field of meat production and marketing.

Thus, one of the purposes of the investigators who carry out the present project is to fulfill an objective point of view in the study of this work. In other words, that the market researchers' perception does not influence the analysis of the quantitative results obtained by the surveys. However, due to the interviews conducted with different suppliers and meat traders, they give opinions or criteria as answers according to the experience of the distributors, so that the research questions to be realized tend to that the common perception of the researchers of this Project is involved in the



present study with a subjective tendency in the presentation of the answers obtained from the interviews.

### **Scope**

The present work will have a descriptive scope because the purpose of the research is the collection and measurement of information on the variables, aspects, and characteristics of the study phenomenon. In this case, for the current market segment which will allow the opening of a new market niche, this project proposes a distribution of meat that will be made from Km. 9,8 until Km. 21,5 of *vía la costa* neighborhoods in Guayaquil through to an e-tailing and social network medias in order to position the brand in the market and gain a greater profit margin coverage with the new potential market.

Therefore, after the analysis of the data, this study aims to obtain favorable results that describe numerically and financially the feasibility of the project in which once made the modifications to the value chain and supply chain of the company with respect to a more formal organization and with Products that meet quality standards, causing that the new market would be willing to purchase meat products special meat steaks for grill that the company offers in a direct way to the consumer of this new potential demand.

### **Sample**

The study of this project is carried out by a non-probabilistic-purposive sample due to exclusively in the Guayaquil market which has a population of 2,350,915 inhabitants of which 49.3 % are men and 50.7% are women. In the same way, the average number that component a family in Guayaquil is of 3,78 people according to data from the last census prepared in 2010 by the National Statistics and Census Institute (INEC, 2010). Due to business's capacity to deliver meat products at home makes this type of perishable product is done immediately.

To determine the study sample, which it will be based on a new market segment directly to the final consumer, is located in the city of Guayaquil. And the niche market that proposes this project is located in the number of families that inhabit the different neighborhoods from Km. 9,8 until Km. 21,5 of *vía la costa*, who must have taste and preference for grilled meats and

the economic possibility of acquiring it at home. For this reason, this study has been divided the main neighborhoods that have been found record of the last population census made by the INEC in 2010 which are 13 neighborhoods as presented in the following table.

**Table 2.** Total families' population from Km. 9,8 until Km. 21,5 of via la costa neighborhoods in Guayaquil, according to the information registered in 2010

Neighborhood	Men	Women	Population	Families	People per family
Valle Alto	674	757	1431	406	3,52
Vía al Sol	467	498	965	253	3,81
Terranostra	613	670	1283	355	3,62
Arcadia	134	130	264	75	3,51
Punta Esmeralda	268	260	528	150	3,51
Portofino	165	181	346	85	4,07
Belohorizonte	860	946	1806	485	3,72
Casa Club	84	83	167	44	3,76
PortoVita	84	83	167	44	3,76
Portal al Sol	424	469	893	248	3,60
Torres del salado	129	112	241	62	3,92
Bosques de la Costa	129	112	241	62	3,92
Puerto Azul	2393	2660	5053	1376	3,67
<b>Total</b>	<b>6424</b>	<b>6961</b>	<b>13385</b>	<b>3645</b>	<b>3,72</b>

**Taken from:** INEC. (2017, Juin 12). Data Population. (R. Mora, & M. Rodríguez, Interviewers).

**Note:** Courtesies from the authors

Therefore, through the data provided by INEC of 2010, which determines that in that year there was a total population of 13385 people in that sector, with a total of 3645 families and an approximate average of 4 people that compose a family. However, this data does not include the population growth until 2017 in which is the year that this project is being developed. Therefore, for a greater accuracy and certainty of the data, it should consider the population growth rates from 2011 to 2017 as shown it in **table 3**, in order to have a reference frame of the total population that is being studied.

**Table 3.** Ecuadorian population growth rates from 2011 to 2017

Year	Population	Growth rate
<b>2011</b>	15 055 986	1,64%
<b>2012</b>	15 298 387	1,61%
<b>2013</b>	15 540 403	1,58%
<b>2014</b>	15 782 114	1,56%
<b>2015</b>	16 023 640	1,53%

Year	Population	Growth rate
2016	16 272 968	1,56%
2017	16 526 175	1,56%
<b>Total accumulate rate</b>		<b>11,04%</b>

**Taken from:** (countrymeters, 2017)

**Note:** Courtesies from the authors

Consequently, it performs a cumulative add of the 7 population growth rates with the purpose to calculate more didactically in a table the population that exists for each one of the 13 neighborhoods at present as the referential population to obtain a sample. But the number of the population to be used in the sample formula is the number of families that live in that area since it is sought to research the acceptability of the meat products for grilling to the set of people who make up a home as a reference of they are going to make a barbecue. That is why in table 4 this information is presented.

**Table 4.** *Total families' population from Km. 9,8 until Km. 21,5 of via la costa neighborhoods in Guayaquil considering population growth rates*

Neighborhood	Total accumulate rate	Men	Women	Population	Families	People per family
Valle Alto	11,04%	748	841	1589	451	3,52
Vía al Sol	11,04%	519	553	1072	281	3,81
Terranostra	11,04%	681	744	1425	394	3,62
Arcadia	11,04%	149	144	293	84	3,51
Punta Esmeralda	11,04%	298	289	586	167	3,51
Portofino	11,04%	183	201	384	94	4,07
Belohorizonte	11,04%	955	1050	2005	539	3,72
Casa Club	11,04%	93	92	185	49	3,76
PortoVita	11,04%	93	92	185	49	3,76
Portal al Sol	11,04%	471	521	992	276	3,60
Torres del salado	11,04%	143	124	268	68	3,92
Bosques de la Costa	11,04%	143	124	268	68	3,92
Puerto Azul	11,04%	2657	2954	5611	1528	3,67
<b>Total</b>		<b>7133</b>	<b>7729</b>	<b>14863</b>	<b>4048</b>	<b>3,72</b>

**Taken from:** INEC. (2017, Jun 12). Data Population. (R. Mora, & M. Rodríguez, Interviewers).

**Note:** Courtesies from the authors

Thus, for this project consider the interview for the current segment in order to receive the opinions of the failure that the company has had in managing its value chain. For the other hand, the sample is based to in a new segment located from Km. 9,8 until Km. 21,5 of via la costa neighborhoods in Guayaquil. it will do so through a simple random sampling because "the

probability that each unit will be sampled is the same" (PennState SCIENCE, 2017). Since the study is based on an intentional non-probabilistic sampling due to the population to which is surveyed, must conform to consumer profile within a predetermined area by the authors which fulfill the socio-economic requirements, due to the convenience of the business model to distribute its product.

In other words, this study takes into account to obtain the sample the total families population that inhabit in this specific market niche of neighborhoods from *Puerto azul* to *Valle alto* in which exist 13 neighborhoods as a reference zone to popularize the online market, concentrating the company energy to be more detailed with the product, delimited the zone through the customer loyalty and promoting added value in the company's supply chain management.

### **Simple random sample formula for a finite population**

**Data:**

**N** = 4048

**e** = 5% = 0,05

**Z** = 90% = 1.65

**p** = 50% = 0.5

**q** = 50% = 0.5

$$n = \frac{Z^2 * p * q * N}{N * e^2 + Z^2 * p * q}$$

Where **n** represents the sample size to be surveyed, **N** the total families population that live in the several neighborhoods from *vía la costa* which contains 4048 families; **Z** represents the 90% confidence level of a normal distribution that is equal to a Z value of 1.65; **e** is the margin of error of 5%; **p** represents the probability of success and **q** represents the probability of failure, in which since there is no previous study that shows the meat products acceptability in this market segment, then is consider the probability of both success and failure of a 50%.

$$\text{sample size} = \frac{1.65^2 * 0.5 * 0.5 * 4048}{4048 * 0.05^2 + 1.65^2 * 0.5 * 0.5} = 251$$

In consequence, the family number that was surveyed for this market survey is 251. Whether the 90% confidence percentage was considered with a 5%

margin of error, due to the time that the researchers of this project have to do the surveys in the new segment, analyze it and at the same time doing different interviews to the current segment and meat market experts.

### **Data Collection Technique**

For the collection of data will be done through primary sources such as interviews and surveys. For example, the interviews are directed for the current segment which is distributed to small informal retailers, restaurants and also 2 hotels that buy meat products wholesale; because this study pretends to evaluate the perceptions and opinions that current customers with regarding the process of dispatch, customer service, and the satisfaction they have with the product and with *SuCarne Inc* as supplier. Obtaining a feedback for the improvements that need to be implemented in the organization and their supply chain.

Likewise, these interviews will be conducted by experts in the marketing of meat as suppliers and a representative of Guayas and Littoral association to know the importance that these people give to each stage of supply chain management. For the other hand, it will be carried out the surveys to the new niche market which focuses on positioning brand and distribute directly to the consumer. Nevertheless, for a greater veracity of the information is considered ideal that these surveys are done according to the weight percentage that each neighborhood has with respect to the total of families living in the zone of *vía la costa*.

**Table 5.** *Number of families to be surveyed per neighborhood*

<b>neighborhood</b>	<b>families</b>	<b>weight percentage</b>	<b>number of families to be surveyed per neighborhood</b>
Valle Alto	451	11,14%	28
Vía al Sol	281	6,94%	17
Terranostra	394	9,73%	24
Arcadia	84	2,08%	5
Punta Esmeralda	167	4,13%	10
Portofino	94	2,32%	6
Belohorizonte	539	13,32%	33
Casa Club	49	1,21%	3
PortoVita	49	1,21%	3
Portal al Sol	276	6,82%	17
Torres del salado	68	1,68%	4
Bosques de la Costa	68	1,68%	4
Puerto Azul	1528	37,75%	95

neighborhood	families	weight percentage	number of families to be surveyed per neighborhood
<b>Total</b>	<b>4048</b>	<b>100,00%</b>	<b>251</b>

**Taken from:** INEC. (2017, Jun 12). Data Population. (R. Mora, & M. Rodríguez, Interviewers).

**Note:** Courtesies from the authors

Namely, to carry out the surveys will be made according to the number percentage of families per neighborhood that represents of families total in the sector with the purpose of knowing the perception of the families through of 251 surveys extracted from the 13 neighborhoods of this study. In which according to the table 5, the greater number of surveys to be carried out in the sector is in neighborhood *Puerto azul*.

In like manner as part of collection of information will be done through secondary sources such as legal information, statistical and numerical data provided by different institutions such as *MAGAP, INEC, ARCOSA, AGROCALIDAD, PROECUADOR*, Ministry of Foreign Trade among others exhibited in their websites; As well as the information in books, journal articles and research that give a contribution to theoretical, conceptual and statistical support to this project.

### **Analysis of Data**

For the presentation of the data it will be done through the financial indicators, market sensitivity indicator and statistical indicators, as well as the frequency, trend, and simple average. In the case of the surveys analysis, is represented by tables and percentage diagrams such as pie charts and bars. As well as the interpretation of the results obtained in the interviews, which defines possible sales strategies, proposals for improvements, distribution forms and standards to be followed for both the proper control and management of the company and the preservation of product quality. Likewise, this surveys tabulation server of to know the acceptability of the new segment market with the product and the delivery process.

## **Chapter 1: Market Environmental analysis**

### **1.1 Description of the Market Segment**

In accordance with the latest study carried out by the institution for the promotion of exports and investments *Proecuador*:

Meat products and by-products recorded a total production of USD 1.86 billion in 2014, which represented 1.48% of Ecuador's total production. In Ecuador mainly raise beef cattle, representing 59.76% of Ecuador's total livestock, in which the highland has the highest amount of 51.06%, followed by the Coast with 39.44% and the Eastern region and the zones not delimited with the 9.50%. Other important in this sector are pigs with a share of 25.10% and sheep with 8.75% (Proecuador, 2016, p. 9).

Conforming to the information given by *Proecuador* establish that Ecuador has “the country certificate free of apthous fever with vaccination. This declaration opens the possibility for Ecuador to export milk and beef, since the country has sanitary protocols homologated with Iran, Venezuela, Cuba and Panama, and equals processes with Russia and Peru” (Proecuador, 2016, p. 10). That says, in the coming years, there will be a greater incentive for the meat industry with respect to its exports resulting in a formalization of the industry due to the requirements and standards imposed by the external market.

According to Food and Agriculture Organization of the United Nations (FAO):

The FAO Meat Price Index averaged 171.7 points in May, up 2.5 points (1.5 percent) from April, continuing the trend of modest price increases observed since the beginning of the year. Quotations for pig, bovine and ovine meat all rose, while those for poultry meat were stable. Pig meat prices increased on firm demand, while bovine meat prices gained ground amid limited export availabilities from Oceania. Meanwhile, ovine meat prices rose for the third consecutive month, bolstered by constrained export supply (FAO, 2017).

This index considers the meat market sensibility which its fluctuation, as shown in the following figure, is Sporadic. That is say, it is exposed to

external factors such as climate. Thus, at the global level this indicator serves as a reference to the formal traders who are almost at the end of the supply chain. However, owing to the absence to fully formalized production market at the local level, then the price indicators granted by *MAGAP* serve as a reference, but in practice are not taken into account by the producer, who often take advantage of their bargaining power to speculate on the price.



**Figure 2.** FAO Meat Price Index

**Note:** Meat Price Index: computed from average prices of four types of meat, weighed by world average export trade shares for 2002-2004. Quotation includes two poultry products, three bovine meat products, three pig meat products, and one ovine meat product. Where more than one quotation exists for a given meat type, they are weighted by assumed fixed trade shares. Price for the two most recent months may be estimates and subject to revision.

**Taken from:** FAO. (2017, May). <http://www.fao.org>. Retrieved from Food and Agriculture Organization of the United Nation: <http://www.fao.org/economic/est/est-commodities/meat/en/>

A pursuant to *MAGAP* (2017) “the reports that Ecuadorian beef production is around 200 thousand metric tons, which means that our country is self-sufficient to cover the national demand for this product” (p.1). This means that Ecuador has enough meat producers to supply the local market that allows having variety both in quality as price, although there are institutions that regulate these variables to forge a fairer trade. However, in practice this is not entirely true but is only a reference because for the market the meats are a commodity that is handled under the supply and



demand principles, causing in sometimes the speculation in the price by the producer.

**Table 6.** *Pork's reference price USD/Kg*

Market	Average Price	Last Price	Trend
Cuenca 's Municipal Slaughterhouse	3.79	3.79 05/06/2017	Stay equal
Quito 's Municipal Slaughterhouse	4.29	4.29 01/06/2017	Stay equal
Guayaquil 's Municipal Slaughterhouse	4.18	4.18 25/06/2017	Stay equal

**Taken from:** Sinagap. (2017). <http://sinagap.agricultura.gob.ec>. Retrieved from INFOPRODUCER PRICES: <http://sinagap.agricultura.gob.ec/index.php/infoproductor-precios>

**Note:** Courtesies from the authors

**Table 7.** *Beef's reference price USD/Kg*

Market	Average Price	Last Price	Trend
Cuenca 's Municipal Slaughterhouse	3.08	3.08 05/06/2017	Stay equal
Quito 's Municipal Slaughterhouse	3.30	3.30 01/06/2017	Stay equal
Guayaquil 's Municipal Slaughterhouse	2.97	2.97 25/06/2017	Stay equal

**Taken from:** Sinagap. (2017). <http://sinagap.agricultura.gob.ec>. Retrieved from INFOPRODUCER PRICES: <http://sinagap.agricultura.gob.ec/index.php/infoproductor-precios>

**Note:** Courtesies from the authors

The Current segmentation that managed *SuCarne Inc.* before its decline is based on 3 sectors: north, downtown, and south-downtown which they, in turn, are delimited by streets. For example, in the case of the downtown are the streets that interact between *9 de octubre* street to *6 de marzo* Street. Furthermore, to the sector south-downtown is delimited by the streets *Guangala* Street, *Francisco Garcia Aviles* Street, *Rumichaca* Street, *Rumichaca* Street, *José Mascote* Street, *Cuenca* Street, *Chile Street* and *Camilo Destruge* Street. Finally, to the north sector is delimited by two potential clients which are *Sheraton* and *Wyndham* Hotel.

**Table 8.** *Current customers' categorization*

Sectors	Category	Zones	No. of establishments
Retailers	Traditional	South- downtown	62
Restaurants	Hedging	Downtown	59
Hotels	Institutional	North	2
<b>Total of clients</b>			<b>123</b>

**Taken from** Rodríguez, A. (2017, May 5). *SuCarne's Data Information.* (R. Mora, & M. Rodríguez, Interviewers).

**Note.** Courtesies from the authors

Moreover, the north sector that represents approximately the 12% of market coverage. It is that generates greater profitability to the company due to its requirement to the quality of the product that affects an increase to the sale price, in addition to the volume of sale that is greater to the comparison of the order made by an individual customer from another sector. However, the company is not the only distributor in these sectors because *SuCarne Inc.* is a company that started operations in 2015 does not have the installed capacity and technical to cover large volumes of order.

In addition, these clients are just getting to know the brand which means that they are evaluating the quality of the product, the price, the form of payment, the time of delivery and the relationships with the enterprise as a supplier. but at the same time the company should implement strategies to develop customers' loyalty due to this is a dynamic market and small distributors run the risk of losing market share to large retailers if they do not attach importance to close relationships and customer satisfaction.

### **1.2 Potential Market**

The potential market that *SuCarne Inc.* pretends to cover is the direct distribution to the consumer starting by the neighborhoods from Km. 9,8 until Km. 21,5 of via la costa neighborhoods in Guayaquil, due to Within its peripheral zone there is no specialized meat distribution center at home delivery. So, within this area, there is the problem of a mobilization facility by part of the inhabitants. In addition, one of the trends presented nowadays is a distribution with the minimum of intermediaries in the supply chain since in the Ecuadorian market there are large retailers that predominate in the wholesale market controlling the different stages of their value chain.

That is to say that the principles of diversification in a portfolio can be applied to open a new distribution channel in order to diversify the risk that the current segment may have in the event that sales fall in the future or that the Company does not exist in the wholesale because it has already lost market share and does not control prices since production. Furthermore, "Organizations should evaluate their current portfolio against their ability to shift with changing dynamics in the organization as well as in the market" pursuant to (PMI, 2012, p. 4).



**Figure 3.** Neighborhood of via la costa  
**Taken form:** googlemaps. (2017). <https://www.google.com.ec/maps>. Retrieved from Vía la costa, Guayaquil, Guayas: <https://www.google.com.ec/maps/place/V%C3%ADa+a+la+Costa,+Guayaquil>



**Figure 4.** Valle alto neighborhood  
**Taken form:** googlemaps. (2017). <https://www.google.com.ec/maps>. Retrieved from Vía la costa, Guayaquil, Guayas: <https://www.google.com.ec/maps/place/V%C3%ADa+a+la+Costa,+Guayaquil>

### 1.3 Porter's 5 Forces

The five forces of Porter describe how the industry works as well as the different actors that make up part of the environment a company desires to entry. Indeed, it allows the entity to understand the several strategies it has to explore and construct in order to have success in that market. By analyzing competitors, suppliers, resources, consumers and new entrants.

### **1.3.1 Suppliers**

Su Carne as distributor and trading company that needs to buy the cuts of beef, poultry, pork and sausages to another intermediary or distributors and in turn they supply themselves within big companies as Pronaca and Faina, it is not so profitable because the company it is not creating value and is doing the same activity buy to sell without any added value. Therefore, there is a high dependency from another link back in the supply chain plus the institutions that have a market power.

The power of suppliers in the case of Su Carne is not high because if a distributor does not want to sell to us, it could search other to deal a negotiations o margin percentage. A problem of saturation comes normally on the poultry meat due to it is an accessible market for producers to enter. On the other hand, there is a space on the beef and pork meat market.

### **1.3.2 Consumers or Clients**

Due to the large population and due to it is a commodity everyone needs to be fed. The power of consumers is very low. Consumers are not so accurate to the changes of the prices in the market because it is established at the major part of the city by the same price so that they could not control it.

The cuts of beef, poultry, pork and sausages in their raw state do not have the same sales impact because it does not have any added value. At the moment, Su Carne is launching a familiar barbecue pack called Super BBQ Weekend in order to offer to consumers within an e-tailing focus.

### **1.3.3 Substitutes**

Su Carne has found some substitutes referring on the protein market such as:

- Seafood like shrimps, fish, squid, shell. That represent the most common products eaten.
- Tempeh
- Soy and sausages of soy

Vegetables, dried fruits, eggs and products derived from soy beans are other four fundamental dishes that could absolutely replace meat (Fer P. , 2015).

#### 1.3.4 Direct competition

Legally “there are 33 commercial establishments of meat in the city of Guayaquil” according to (Revista Lideres, 2013, pág. 1). However, this number non-consider the informal establishment which are small meat distributor which do not follow sometimes the due sanitary standards for perishable products. And compete in the traditional market with low prices without taking into account the quality of the product. At the same time, exist the larger competitors as the supermarket and center meat distributor as *la italiana, la español, avicola Fernandez, el Rancho, el Portal, el Corral and Pronaca S.A.*

One of the direct competitors and at the same time possible supplier for this company, is *Digeca* because, through the interview to the general manager, it has been defined the evolution that the industry of meat products is having at the present moment. For instance , they recommended to create a value on products and processes and sold directly to the consume. For example, in the case of them, they go to the distributor through the multi-level sale to the consumer with a product of previously seasoned meats for vacuum packed cooking.

Referring on the new market segment, the most important direct competitor to consider is *avicola fernandez* that at the beginning of April began its operations in the zone of via the coast. However, they still do not have the home delivery service nor do they offer a differentiating model to the habitual competence of the consumer. That is to say, it is not taking advantage of the maximum market opportunities from the beginning to retain customers.

Another direct competitor is *embutidos Rossy* because through his social network Facebook can find meat pack, offering sent home with a recharge in price. However, this meat distributor does not have a business structure formalized for the administrative and sales area, although it does comply with the standards due to the handling of the meat. This, in turn, is detrimental to that business since they do not define a strategy to position a brand in the market by remaining in the value chain as a supplier and

wholesale distributor of meat, opening the brand to other competitors who are positioned in the market as delivery meat distributors.

### **1.3.5 Indirect Competition**

The indirect competitors can be defined as indirect competition to all businesses in an industry that does not make the same process, product or service, but offer the same market substitute products as fish, seafood and sheep meat or a different process to the market. It is also considered as indirect competition all the informal business of meat traders. Also, the meat from the smuggling that avoids both import taxes, but in turn do not have quality certifications. However, this is not a strong competition since the smuggling of meat does not represent a high percentage of coverage in the Ecuadorian market and less in Guayaquil.

On the other hand, the new market segment at Via a la Costa faces some indirect competitors on the zone , that have been analuzed thourgh a visit and recognition of the area. They are : Parrillada del Ñato and Prodeli from Plaza Colonia; La Costilla de Portete at Blue Coast and GLK, la Costa Deli and Konesta from Coastalmar Shopping.

### **1.4 Entry of New Competitors**

The new competitors that enter the market will have to consider commercialize the meat products with some value in their meat products because in the future, there may exist the strategy of selling direct distribution to the consumer by large retailers such as *Pronaca S.A.* or supermarkets, taking into account that the e-commerce and the business to consumer model which is nowadays a trend that is gaining more strength in the Ecuadorian market.

#### **1.4.1 Entry Barriers**

It is considered as a barrier to entry to all the appropriate processes that the company requires, the certifications and quality records that any company trader meat products must have according to the regulations established by the relevant institutions such as *ARCOSA*, superintendence of companies, *SRI*, *MAGAP*, and *INEN*, with the aim of ensuring the welfare of consumers and fair trade in terms of requirements of quality products with a legal and formal business. Another problem that has to enter the market is that being

a speculative market with the products, depends on a lot on the price that the cattlemen put to the cattle. This, in turn, depends on the supply and demand of production, because there is no formality and not be guided them by the referential prices presented by MAGAP, leads to the meat trade has a high dependence on the first actor in the value chain.

Therefore, in order to be competitive in the meat industry, it is necessary to control the first stages of the value chain, that is to say, to raise cattle for later to harvest it or to buy live cattle and to harvest it in the municipal district, with the purpose of reducing costs, increase profit margin and increase sales volume. In addition, there is the problem of positioning itself with its local brand because this market is in a certain way monopolized by *Pronoca S.A.*, which is the largest supplier of meat that exists at national level. Therefore, some meat traders use the importation of meat from other countries like Uruguay, Colombia, and Argentina. However, in the last two years, customs tariffs have increased with respect to the importation of meat, almost obliging these marketers to choose to buy cattle and harvest it or buy it directly from large suppliers.

#### **1.4.2 Kickback Rewards**

Being a very competitive market and with a high market share by the largest retailers, it limits the market options to grow for the intermediaries. However, the same market evolves asking for greater product options, better customer service and access to products in niches where the traditional retailer is not so positioned or differentiated. So, small enterprises can follow the quality standard et manufacturing policies to differentiate themselves from informal businesses and request quality demands from their suppliers with the intention of gradually improving the meat supply chain through its actors.

Therefore, GPM and HACCP norms and policies are exigencies to operate at the Meat Industry due to it ensure the quality and standards to be followed by the company. On the other hand, it requires an investment depending on the dimension of the entity it could go from \$15.000 USD to \$65.000.

Performing operations under these certifications give a plus and add value to the processes and procedures of an institution.

In the case of Su Carne, it does not possess this kind of qualifications. As distributor and trading company of meat product, its dimension does not have a significant relevant to invest on GPM and HACCP. Indeed, it will perform the established norms and policies to develop their infrastructure and enhance the improvement of the supply chain management it will have so that in several years Su Carne will be able to do it.

### **1.5 Technological Environment**

New technological trends in the global market are the e-commerce, e-retailing, e-tailing, digital marketing, and social networks because they are businesses that allow to reduce operative costs and focus in some cases on the product personalization that the clients request. This generates a more interactive and efficient business between the company and the client, no matter in which part they are located. Insomuch according to INEC studies show that “4.9 million users have an account in social networks and spend on them an average of 7.22 hours per day. The percentage of participation is greater in the urban area with 81.9% compared to 18.1% of rural area participation” (metro newspaper, 2017).

Therefore, this causes a competitive advantage and reduction in large advertising expenses adapting access to digital marketing and technology as Smart tablet and an enterprise resource planning (ERP) software with the processes of invoicing, register the orders of purchases and the logistic coordination through to Global Positioning System (GPS) for the location of delivery trucks. Likewise, there are machines that are indispensable for the meat industry with the objective of preserving the meat that found on technical processes such as cold rooms and in the trucks, that must have the temperature adapter.

### **1.6 Political / Economic Environment**

#### **1.6.1 Political Aspects**

Ecuador has a democratic government whose citizens could elect the president of the republic. This country has had many politic systems that have depended on the ideologies of the outstanding personage that imposed their beliefs to the politic and economic area of the market.



Referring on this Ecuador has had Socialistic, Military and Capitalist regimes each one defeating the honors of the country according to the perspective of the president.

Nowadays, the Ecuadorian president is Lenin Moreno who was elected on April 2nd, 2017 as a successor of Econ. Rafael Correa Delgado that guided the country for 10 consequently years. This would cause a bit of uncertainty for all Ecuadorian industries. However, according to the interview with *Digeca*, the political aspect observes it with a specific optical, which is the political decisions for the importation of meat, the bilateral agreements with other countries that allow the development of exports of meat products and the benefits Social for the workers, which grater the expenses of the companies. But this industry has found part of solution to not be affected by these decisions that may vary depending on the people who govern the country, and it is the associations and federations of livestock that agree to fix the real prices in the market

### 1.6.2 Economic Aspects

**Table 9.** *Pestle Chart*

<b>P</b>	Analysis the environment from the governments, institutions and Ministries
<b>E</b>	Economic Analysis depends on the Politic System
<b>S</b>	Consumption of meat products in the market
<b>T</b>	Infrastructure, equipment and models of business
<b>L</b>	Laws that support the Meat Industry
<b>E</b>	Environmental Aspects

**Note:** Courtesies from the authors

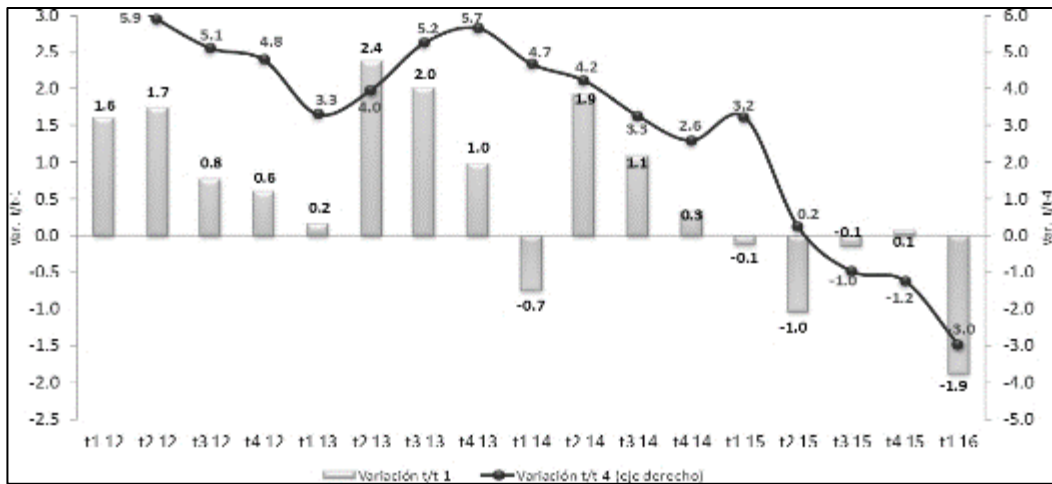
#### 1.6.2.1 External Economic Affection

The natural disaster that took place in Ecuador on April 16, 2016, affected the economic environment and the power of acquisition in all the country. For this reason, sells dropped that caused that the government imposed financial Support measure that was called *Contribuciones Solidarias*, which was stipulated to collect money from people whose wages and

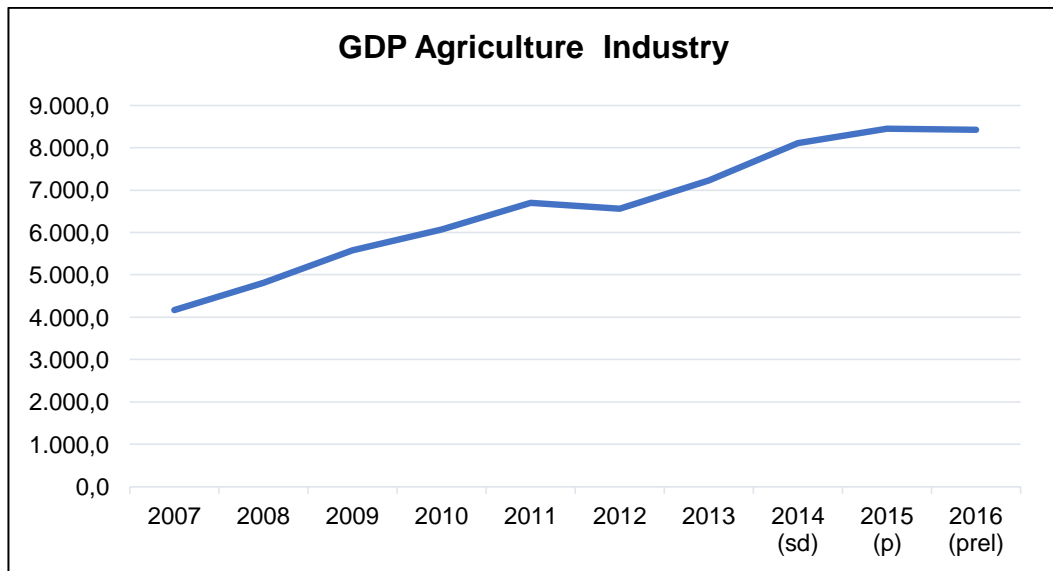
salary could be upper \$1.000 USD according to percentages grid (Servicio de Rentas Internas, 2016)

### 1.6.2.2 Gross Domestic Product

Ecuadorian GDP has had some percentage variation according to the macroeconomic situations that it has been presented on the economy. The chart below shows how it has fluctuated from year to year.



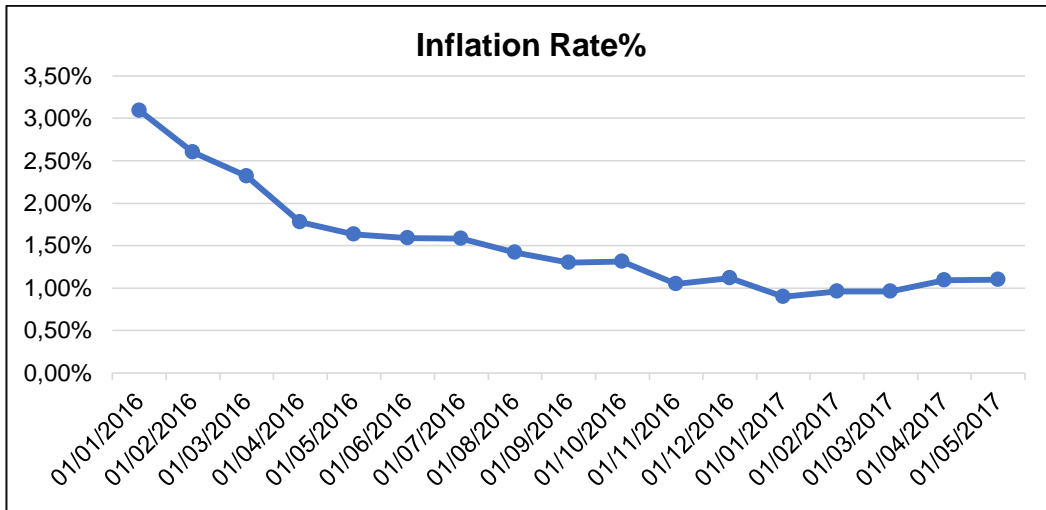
**Figure 5.** Ecuadorian GDP  
**Taken from:** (Banco Central del Ecuador, 2016)  
**Note:** Courtesies from the authors



**Figure 6.** Ecuadorian GDP Agriculture Industry  
**Taken from:** (Banco Central del Ecuador, 2016)  
**Note:** Courtesies from the authors

### 1.6.2.3 Inflation

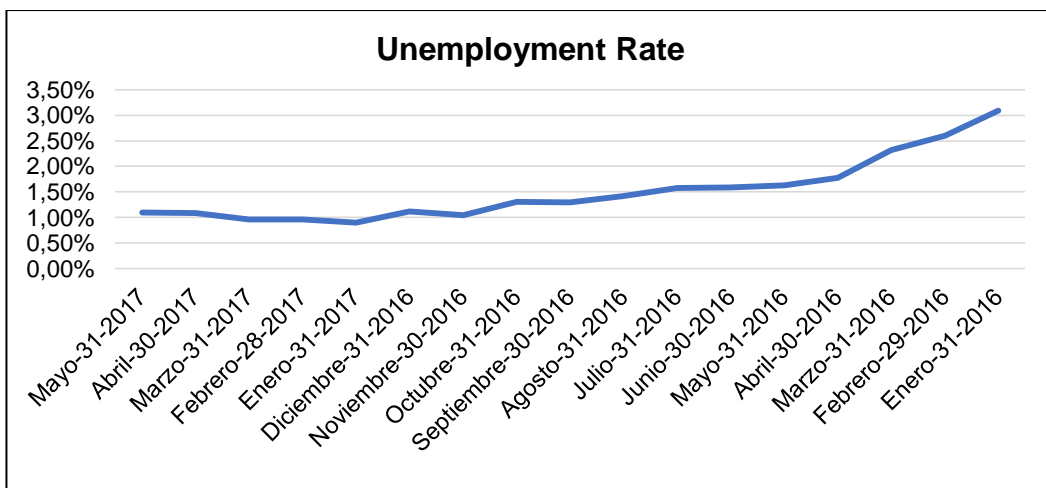
The inflation rates reduce the purchasing power of a population due to it will be needed more money to buy a referential good that was cheaper before. Ecuador presents the following inflation rates during this periods.



**Figure 7.** Ecuadorian Inflation Rate  
**Taken from:** (Banco Central del Ecuador, 2016)  
**Note:** Courtesies from the authors

#### 1.6.2.4 Unemployment rate

The employment rate is a correlational factor of the economy due to it touches different commercial areas of a market. In the case a company settles in a new country, the UR has to be high in order that the labor could be cheaper. On the other hand, unemployment rate affects a national company in the cause of delinquency and low level of consumption and demands.



**Figure 8.** Ecuadorian Unemployment Rate  
**Taken from:** (Banco Central del Ecuador, 2016)  
**Note:** Courtesies from the authors

### 1.7 Threats and Opportunity

#### 1.7.1 Opportunity

- Open new distribution channels that allow you to improve your volume sales.

- Make strategic alliances with small retailers like NELSON in order to position the brand in different sectors.
- Market products to retail sales through combos and promotions such as Grill combo and family combo, which allow positioning the brand directly to the consumer.

### **1.7.2 Threats**

It is considered as threats to all factors that can affect the meat market that includes the part of production to consumption levels, tastes and preferences, distribution channel and customer satisfaction that the business cannot have an absolute control of such factors. These can be political and socio-economic factors, technological advance, environmental, customer perception towards the product, unfair competition through the illegality of imported meat products and the evolution of the competition according to the needs of the market.

- The smuggling of meat from the border area of Peru and Colombia can cause the market to become a price competition with products of dubious origin for the consumer.
- The expansion of large retailers with respect to their value chain in which they intend to eliminate the intermediary of that chain and create a direct distribution from the factory to the consumer.
- Climatological factors such as "the phenomenon of the child" that prevents the adequate breeding of cattle and cattle, resulting in a decrease in the quantity and quality of meat supply.

## Chapter 2: Internal Diagnosis of the Company

### 2.1 Presentation of the company Su Carne



**Figure 9.** Logo of SuCarne

**Note:** Courtesies from the authors

Su Carne began as a distributor and trading company of national meat such as beef, poultry, pork and sausages in June 2015. The enterprise is located in Guayaquil at Av. *las Lomas 405* between the fourth and fifth, central *Urdesa*. The owners are two Ecuadorian entrepreneurship Castro Rodriguez, Alejandro and Rodriguez Espinoza Alvaro that decided to invest their ventures in an independent business. Their portfolio of products includes all kind of cuts of meat depending on the customer satisfaction. Their main clients include three specific sectors such as Hotels, restaurants and small retailers that form part of to a specific neighbor. The market segment that *SuCarne* supplies embrace different territorial zones like downtown, south downtown, and north.

The SC departments are formed by three sub areas as Procurement, Customer service, and Logistics. These ones have not been functioned organized, qualified or either technical applied at the 100%. Nowadays, the company is not having its operational activities to restructure its SCM.

For several reasons that are explained in this project such as infrastructure, management of the supply chain, human resources department and political norms and quality standards, nowadays, the company has a temporary suspension of its operational activities since April 2016, it means that the project will be carried out to reopen the company and align new strategical goals on the management of SC and products.



**Figure 10.** Brochure of Su Carne ´s Products

**Note:** Courtesies from the authors

## 2.2 Mission

Nowadays, SuCarne Inc. does not have a strategic plan. That means it does not count with a mission, vision and organizational values that could allow it to enhance a business strategy in the future. Also, it boosts the alignment of organizational values and objectives within its employees.

Therefore, not having a defined focalization, produces that its workers do not usually have delineated their roles, causing inefficiency, lack of commitment and distrust between the different managers of the company.

As a consequence, in order to improve the organizational structure of the company, this project will prompt a proposal of setting a proper mission. Indeed, the company and the employees are guided to develop an economic activity of the company that performed daily which is the distribution and trading of meat in various sectors of the city of Guayaquil.

## 2.3 Vision

The company does not possess a formally established vision, nevertheless, the perspective of Su Carne is to become producers as going through 3 links back of the Meat Industry Chain. The objective of this proposal is to achieve a total control of all the supply chain management performing an independent

Distributor and trading company of meat. The proposition of this thesis enables the possibility to have an official vision that will be developed at chapter 3.

## **2.4 Values of the company**

Su Carne does not have established Organizational Values Chart; however, this company works with integrity, honesty, and complacency to delight their clients and customers. In Chapter 3, there will be an official settlement of *SuCarne's* value in order to focus the management of corporative Strategies.

## **2.5 Organizational Chart**

The organizational structure of Su Carne is functional in responsibility and authority. The owners such as Alvaro Rodriguez and Alejandro Castro execute the roles of CEO's with a different task to accomplish. As well as having a team that could support in several primary business activities, however, the organizational recruitment budget was limited. Therefore, their functions are diversified and cover more than one area in some cases.

It is relevant to mention that each one of them only has a verbal feedback of what they have to do according to the naturality of the position they develop, but not on an official manual on the role.

Su Carne either does not have a Quality, Human Resources, and Public Account Manager. Below there will be presented the organizational chart of Su carne as well as the operationalization of each job post:

- **Chairman of SuCarne:** Alejandro Castro

**Description of the position:** A chairman of a company is a partner of the Chief executive officer of the company. It provides a sustainable leadership and governance that could lead to the supporting work and strategic planning of an entity as managing relationship and communication with the stakeholders, employees, competitors and the market. In addition of approving the annual budget, reviewing of liabilities, investment and coordinating the measurement of effectiveness

**Participation in processes:** He is one of the CEO of the company, but he plays a role of chairman of the company legally. Mr. Castro is in charge of the

financial part as providing the venture capital, equipment and management /control of the margins of sales and profits. Alejandro does not know the whole context of the company. His job post is done as a consultancy.

- **Chief Executive Officer:** Alvaro Rodriguez.

**Description of the position:** A CEO of a company has to supervise the accomplishment of the strategic plan and business activities of the organization trying to ensure success in every single commitment. As well as creating a vision of the development of the entity that enhance the participation of all the subordinates through an excellent motivation and leadership of the team. Track the baselines project that each department propose in order to align them into achieving the Business model of the institution and embrace strategies' that could be reached in a short and long term.

**Participation in processes:** He is the other CEO of the Company. He manages the know-how of all the operational section of the company. Alvaro is the direct contact with the employees to whom every subordinate could communicate mediate decisions and latest updates. He performs activities as support to the sales department in terms designing routes of delivery, programming the replenishment of meat products, daily projections of consumption, the establishment of prices, management of the bank account and checkbook and PR of Su Carne.

- **Administrative operations Assistant:** Karen Parraga

**Description of the position:** Administrative Assistant is in charge of making or receiving phone calls for arranging travels and appointments. Indeed, preparing reports of any activity that the company carries out through a written or oral communication for informing about updates in policies and procedures. Referring on salespeople the administrative assistant has the role of review and reimburse expenses.

**Participation in processes:** She is the administrative coordinator that assumes 5 extra functions that are not precisely relational with the initial position proposed to her. She does the task as secretary, procurement assistant, telephonic seller, billing and payment of roll and liabilities for only one specific payment, review week scheduling of deliveries.



Sometimes, Karen must have to be in charge of a work place services responsibilities worrying about the welfare of the collaborators and coordinate human resources activities depending on specific dates.

- **Sales Manager:** Nelson Jaramillo

**Description of the position:** A sales manager is in charge of analysis the market through trends and communism of customers. Also, this personnel must be able to recognize the changes of preferences as a reward to create an innovative method that could attract the attention at every trade channel. This person has to work in a partnership with the marketing team in order to align strategies of sales objectives through the implementation of forecasting tools, therefore to determine the margin profits the company will gain on every market investment. As innovation comes on, there is still a big challenge for maintaining the volume of sales, prices and a sustainable supply and demand even though the adversity of economic measures.

**Participation in the processes:** Nestor is the Sales Manager of Su Carne. His function is to control that delivery arrive on time as well as execute a correlational pre-sale the day before the new orders become. In addition, he must give an alert to Alvaro Rodriguez for the replenishment of product and as he did not control that area monitor there were several issues the day of the order delivery. Another function that he is in charge is to register all the order and calculate an average of pounds and how much they represent on dollars of each client in order to obtain a background of their consumption. The aim of this task is to get to know how many clients the company has and in which manner they could be divided per sectors of zones.

- **Sales Supervisor:** Edison Rivas

**Description of the position:** The tasks of a Sales Supervisor are oriented on supervising the salespeople staff so that it could ensure the achievement of the financial sales objectives align to an annual budget, also controlling expenses and variances of prices that market regulates. Another activity is to explore the possibility of implement different coupons and promotions in several self -service retailers.

**Participation in the process:** He is in charge of controlling the volumes of sales and performing on boarding mapping of the delivery routes. Furthermore, to make a tracking of the vendors as be informing if they are working on their administrative duties and accomplishing the functions and routes that were prepared for them.

At the final of the work day, Edison has to present and inform that could reflect all the consolidated of pre-sales orders. Despite that salespeople have smartphones to be control of the operations they did, sometimes they go home to take lunch and did not appear until the end the day. The treatment of personnel must be demanding and challenging to motivate them.

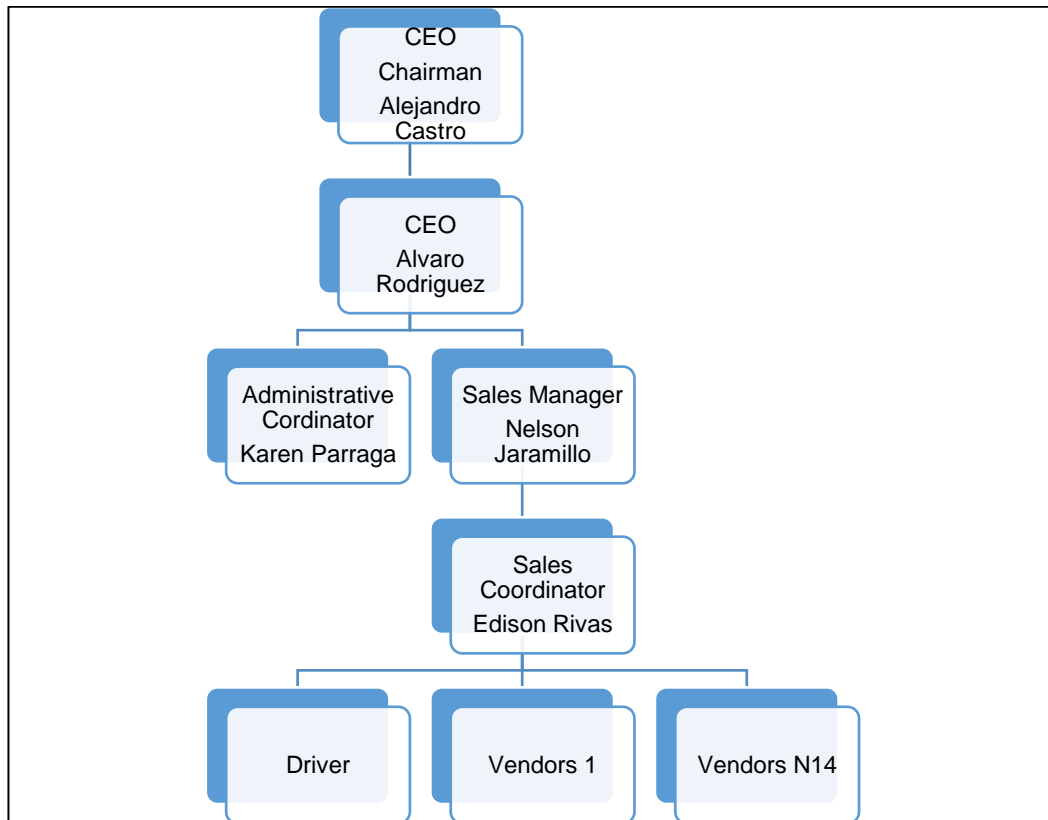
- **Vendors/Dispatchers/ Machine operators**

**Description of position:** Vendors´ task is to be an approach between organization and the company´s products with clients to know what the perception of them over the entity is. Engage customers in an essential part of their role due to the information they could bring to them trying to build trust, security, and confidence on the supply. Depending on the organization and politics of the companies, vendor must cover and visit their clients divided by sector.

**Participation in processes:** They are in charge of covering the established market segment and researching for 5 daily new commercial areas and collecting orders. Vendors have to arrive at SuCarne with 15 orders which are divided into 10 orders from current clients and 5 new clients from the same areas and routes they deliver products. At the beginning of the commercial activity of Su Carne there were only 4 vendors but as sales increases, it appears the need to recruit other 10 vendors until the first quarter of 2016 before the cease of operations. It is relevant to mention that vendors carry out three functions in the description of only one position as they are also dispatchers and machine operators that handling the meat cuts.

Initially, when they were about 4 vendors, take turns every week to perform the 3 mentioned activities as well as when they were 14 vendors.

- **Driver:** The driver of the truck is in charge of cover the delivery zones of each order. Su Carne has only driver and in case that any calamity occurs to him, there is not a plan B. The driver is accompanied by the vendor/dispatcher to confirm that the order was delivered.



**Figure 11.** Organizational Chart of Sucarne Inc.

**Note:** Courtesies from the authors

### 2.5.1 Economic Effects of Organizational variables

The economic effects of the organizational variables allow the company to analyze different aspects that an organization possesses and administrative processes in order to evaluate the economic results it represents to the company and take short, medium and long term decisions that could lead to a re-engineering of dimensions.

The analysis of the economic effects of the organizational variables during the project results in a relevant point to consider at the moment of creating a structure that could be adapted to all the investment and operations that the company does.

It allows the entity to be aware of all the possible costs of each department as well as how to divided the outcomes representing on a percentage according to the installed capacity, equipment, and infrastructure each one.

### 2.5.1.1 Direct Economic Effects

At the direct economic effects of the organizational variable, it is important to evaluate the fixed and variable cost and investment depending on the operations that each department carries out and the infrastructure it possesses.

**Table 10.** *Fixed Cost Division of SuCarne*

Fixed Cost Division				
Fixed Cost	Total	Dispatch	Sales	Administrative
Electricity	236	65%	10%	25%
Water	180	80%	10%	10%
Telephone	60	2%	60%	38%
Fuel	12pd		100%	

**Note:** Courtesies from the authors

This table represents the fixed cost division of SuCarne that was structured based on the dimension of each department such as Sales, Administrative and Dispatch area where the handling of meat cuts is done. According to infrastructure and the average of usage of the basic services, the percentage has been assigned. The fuel cost is only assumed by the sales department because it is used to deliver orders

Nowadays after talking with the Ceo's of the company this fixed cost has been represented differently due to the new organizational chart that will be presented in chapter 3.

**Table 11.** *New Fixed Cost division of SuCarne*

Fixed Cost	Total	Operations	Administrative	Sales
Electricity	375	60%	20%	20%
Water	180	50%	25%	25%
Telephone	60	25%	30%	45%
<b>Total</b>	<b>615</b>			

**Note:** Courtesies from the authors

**Table 12.** *Variable Cost of SuCarne (Source SuCarne)*

Variable Cost	Unit	Payroll		Total
		Rol	Cto. Total	
Vendor Commission	26490	\$ 0,05	\$ 0,07	\$ 1.815
Sales Manager Commission	26490	\$ 0,04	\$ 0,06	\$ 1.452
<b>Total</b>				<b>\$ 3.266</b>

**Note:** Courtesies from the authors

The variable cost is assigned depending on the average pounds of meat pre-established by the company per month. In this case this table correspond to the 4 last months of 2016 when the enterprise operated. The only personnel who receive a commission is the sales managers and

vendors conditioned on reaching the sales target. All the new changes could be seen in Chapter 4 with the payroll, price of raw materials and indirect materials as packaging and label.

### 2.5.1.2 Indirect Economic Effects

As indirect economic effects are considered all the fixed cost that comes from the operational administrative processes associated with the size of the department, personnel who is going to be recruit within their benefits, levels of responsibility and authority. Departmentalization, own spheres of control and delegation are crucial factors to evaluate the economic effects of the organizational variable at any institution.

The Table below shows the payroll that Su Carne has in order to manage the daily operations. These personals are considered at the organization chart. If there is an analysis of this chart and the functions explained above, it is immediately understanding that exist a duplicity of task and that more than one person does the work that belongs to two or three more.

Indeed, it could be a manner to save money due to the dimension of the company and the time it has on the market, but it is leading to be improved at the next chapters.

**Table 13.** *Fixed Cost Payroll of Su Carne*

Fixed Cost	units	payroll	total wages	contribution employer	thirteenth	fourteenth	vacations	total benefits	total outcome
<b>Vendors /Dispatcher</b>	14	\$ 366	5124	\$ 623	427	427,00	213,50	\$ 1690	6814
<b>CEO</b>	1	\$ 580	580	\$ 70	48,33	30,50	24,17	\$ 173	753,47
<b>Chairman</b>	1	\$ 580	580	\$ 70	48,33	30,50	24,17	\$ 173	753,47
<b>Sales Manager</b>	1	\$ 850	850	\$ 103	70,83	30,50	35,42	\$ 240	1090
<b>Admin. Assistant</b>	1	\$ 450	450	\$ 55	37,50	30,50	18,75	\$ 141	591,43
<b>Driver</b>	1	\$ 366	366	\$ 44	37,50	30,50	15,25	\$ 121	486,72
<b>Total Payroll</b>			<b>7584</b>	<b>\$ 921</b>	<b>\$ 632</b>	<b>\$ 580</b>	<b>316,00</b>	<b>\$ 2418</b>	<b>10.002</b>

**Note:** Courtesies from the authors

## 2.6 SuCarne's Supply chain management.

Su Carne is a distributor and trading company that operates at the 4<sup>th</sup> and 5<sup>th</sup> link chain of the value stream of the meat Industry due to it sources beef, poultry, pork and sausages from other distributors that are the primary and secondly stage of the label value chain of meat.

The CEO of the company *Digeca co.* to (Williams, 2017) mentions that there is not a business in buying a product to sell the same product without any added value and pretend to obtain a high margin of profit because the prices at the meat industry are already established by the market.

Through the interview, he comments that mentions that the company whose business strategies do not point to innovation or create something new in the meat trade could never gain a percentage of the market participation. *Digeca co.* began as *SuCarne* did, as a distributor and trading company nevertheless their future there was not going anywhere if they stay at this stage, they must go 4 links back in the supply chain in order to control a little bit more the process and reduce cost depending on their own source of livestock of beef and pork.

The supply chain management embraces several departments that control the whole production process since the procurement of the raw materials until it is converted into a product to be presented to the end –user. That is the reason why having an excellent management of this premise could lead a company to success because it enhances a conglomerate of procedures and policies that putting together functions to set guides of alignment and commitments for all the entity.

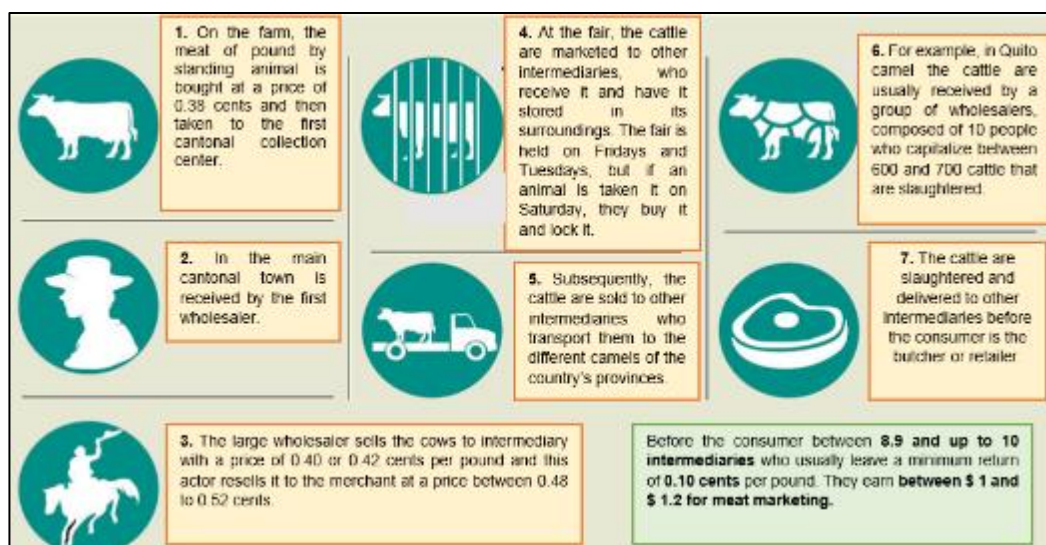
The value stream of a company will vary according to the kind of sector and dimension of the institution, but the aim of applying it is to perform as a single unit within the same principals and objectives. The link chain of a value chain engages the main primary activities of an organization such as supply chain, marketing, trade, customer services, and logistics.

Referring to the value stream of the meat Industry, it is vital to analyze the different stages that it has and try to look forward to evaluating the link that the company poses nowadays so that it could boost its operation and move backward the value chain if necessary.

The value chain of the meat market begins with the producers, the ones who own the cattle and take care of it within standards and animal health requirements to make their livestock attractive to the second link of the chain. The second part comes to the farm located in different parts of the

country depending on the selection of the animals and decides to buy the quantity of livestock that could represent 15 days of inventory.

After the purchase of the livestock of beef, pork or poultry, the animals are transported to the cow slaughterhouse and then the other process of skinning and evisceration is taken up by a specialist in cuts and the results of this activity is to obtain big stalks of meat as the butcheries have . The next steps are that every distributor or trading company bring the stalks to their factory in order to obtain different cuts their client's demands. As a follow-up step comes the distribution or commercialization of this meat products to the end-consumers. The figure below shows graphic description of the process.



**Figure 12. Meat Industry Value Stream**

**Note:** Courtesies from the authors

SuCarne Inc SCM Primary Activities	
<b>Procurement</b>	The procurement process is very simple and they do not diversity on many suppliers. Main Suppliers: Pronaca, Faina, Distributor Solis.
<b>Production</b>	It exists a handing of meat to obtain meat cuts according to orders of customers.
<b>Quality Standards</b>	As a company, they do not have quality standards established in handling the cuts. Besides, they receive an established quality only from Faina, and Pronaca.
<b>Inventory Management</b>	Manual account of stock a daily replenishment of stock.
<b>Sales</b>	It must be received 15 order from current clients and 5 from new ones
<b>Customer Service and Logistic</b>	The 45% of the order was not completely satisfied and there was only one truck to cover all the market segment and deliver orders.
<b>After Sales Services</b>	Not customer loyalty or retention

**Figure 13. SuCarne Inc.'s Value Chain Management – Primary Activities**

**Note:** Courtesies from the authors

SuCarne SCM Secondary Activities		
Human Resources	Finance	Accounting
Sucarne does not have a human resources department, the CEO Alvaro Rodriguez play the role of a complete HR manager.	The company does not possess a formal finance department and the chairman was in charge of this part so that the financial part was centralized.	SuCarne does an outsourcing of the accounting department represented by Patricia Loor, a legal CPA.

**Figure 14.** SuCarne Inc. Value Chain Management –Secondary Activities  
**Note:** Courtesies from the authors

## 2.7 Marketing and sales

Sales is an activity to get connected a company’s products and the end-Consumers or clients. Before entering the market, it is relevant to do a market research in order to delimit a possible potential market and the satisfaction of the innovative product someone brings.

### 2.7.1 SuCarne’s Old Market

During the 2015 and April, 2016 Su Carne worked with an old market segment of 15 clients along with all the city of Guayaquil such as Downtown, South downtown, and north. For that reason, as being a distributor its sales challenging was not focused on a direct consumer trade channel

#### 2.7.1.1 Business Model

The business model that Su carne managed with the old segment was B2B due to it commercialize with Hotels, small retailers and restaurants categorized as Institutional, Traditional and hedging respectively.

#### 2.7.1.2 Place of trading

Su Carne is located at Av las Lomas between the fourth and fifth, Urdesa Central, but it is only the manufacturing and legal place. It did not have a store with display cabinets or shelves to exhibit the meat products as butcheries, instead, they receive telephone order from acquaintances people or visit the commercial areas to explore new clients.



### **2.7.1.3 Marketing**

Su Carne created a host page for show details about the company and the products they offered. Also, it delivers flyers to the clients they cover in order to ensure a new order.

The company did not possess Social networks accounts like Facebook, Twitter or either Instagram.

### **2.7.2 New Segment of SuCarne**

As *SuCarne* has had a temporary suspension of its operational activities, this thesis faces a reality of a relaunch of the company through a new trade channel at *via a la Costa* by introducing a product with an added value such as Familiar Barbeque pack named "Full Weekend".

#### **2.7.2.1 Business Model**

The new business model that Su Carne is pointed is B2C. In this case, the company could be recognized and position its brand so that the product reaches the end- consumers directly without any other intermediary. In addition, the entity could be aware of all the clients' feedback and level of satisfaction

#### **2.7.2.2 Place of trading**

Su Carne will be continued be located at the same street and not using its installed capacity to implement a store, instead, it will have an assigned zone as the urbanization of *via la Costa* address.

#### **2.7.2.3 Marketing**

Su Carne wants to innovate the form it gets connected to their consumers and clients and as the new market segment demands another specialist social networks and flyers that could draw the attention of this market that is so visual.

### **2.8 After sales service**

Su Carne had a payment method that was included in an after sales services because first the vendors deliver the order and at the afternoon before the work day ends, they returned to collect the money as the company gave the chance that customers could make more money with its meat products inventory. On the other hand, vendors did not care about

the clients' perceptions or opinions so that Su Carne did not have a feedback from them.

They do not have an after sales service, which provokes distrust with the personnel that was in charge of sales because the clients did not know it beforehand, nor did they worry about customers' loyalty and retention.

The after sales services is about paying attention to any details of a company's product in order to achieve customers' satisfaction through them.

There is an important factor to reach a good after sales services as promotion, personalized communication, ensure quality, security and support.

## **2.9 Description of the product**

*SuCarne Inc.* as a distributor and trading company has developed four lines of commercialization to obtain a market share. These lines of production, which are traded for their weight in pounds, are also categorized by a principal division that is: Beef, poultry, pork, and sausages. And these at the same time have subdivisions.

At the subdivision of Beef, it is remarkable to mention that *SuCarne* offers several kinds of cuts for their clients such as Sirloin steak, Sirloin steak topped, Sirloin steak without spine can, Grilled Tenderloin, Back Ribs, Beef for Stew, Brisket, Chuck Roast, Skirt Steak, Strip Steak-bone Steak, RI-tip Roast, Flank Steak, Flat Iron, Economic Ground Beef (Barbara, 2017, p. 1). Talking about beef, it is relevant to consider the tenderness and flavor due to it will depend on the cut of the beef a person chooses and to the part of the livestock it represents. Moreover, the cuts will be tender or hardness depending on the movement the muscle of this section has.

In the case of Poultry, it has Poultry vacuum packed, drumsticks and thighs in pieces, chicken breast, chicken breast fillet, chicken wings. Furthermore, referring to the pork cuts, it offers pork legs, Picnic Shoulder, Boston Butt, Jowl, Boston Butt filled, pork ribs, pork belly, broiler pork meat, economic line -Fritted pork, pork skin with fat, pork skin without fat. On the other hand, as processed products as sausages categories, it manages ham, Switzerland, cuencan and barbeque.



## 2.10 Process Flow charts

Su Carne has two-dimensional process flow charts that correspond to the dispatch and the pre-sales procedure. These processes are performed by the employees of the company that is in charge of the operational activities in order to attend to sales and responds to customers' order entry.

### 2.10.1 Dispatch

Stock Order Consolidation				
Call the client 30 minutes before the order is dispatch in order to manager	<b>Stock</b>	Go to the meat distributor	<b>Stock Available</b>	Dispatch the order
<b>New Size</b>	<b>Not order</b>	<b>In the case of Beef</b>		

**Figure 16.** SuCarne Dispatch Process Flow

**Note:** Courtesies from the authors

### 2.10.2 Pre- Sales Activity

A Pre- sales activity have to be done one day before the sales day in order to be sure that the company has the available stock to dispatch the entry order and in some case back orders. Su Carne has a little structure of Pre-sales activity, but it does not have a full accomplishment due to the time and rapid response the operations demands.

PRE-SALES				
STOCK				
07:00 work day begin launch time. 14:00 work day ends	Vendor. Tracking Maps Personnel	Institutional traditional (Food service) Small retailers	Clients Categorization	
Take Orders				
Traditional 15 daily orders	<b>Goal</b>	New Market 5 daily orders		
Orders Consolidation				

**Figure 17.** SuCarne's Pre- Sales Process flow

**Note:** Courtesies from the authors

## 2.11 Current company dimension structure

### 2.11.1 Infrastructure

Su carne is located in *Av. las Lomas* between the fourth and the fifth at central *Urdesa*. Below, it will be presented the image of the house where

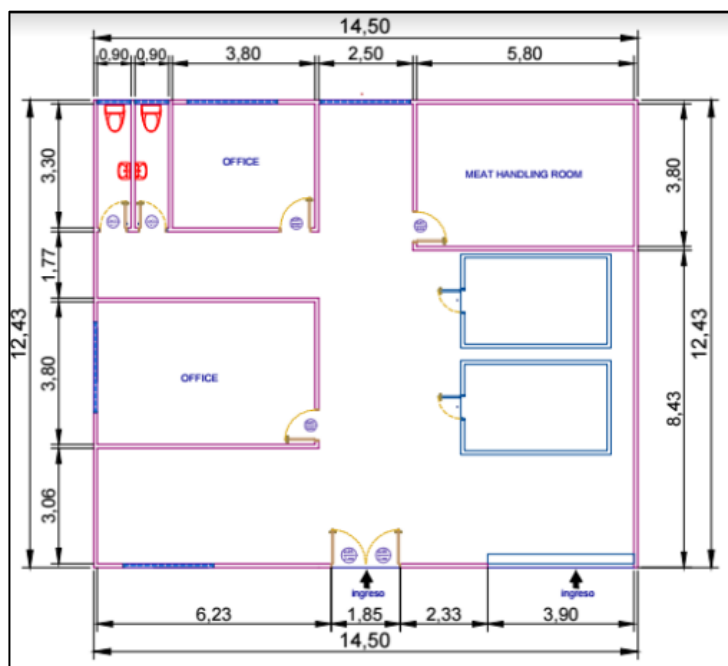
the Company operates. This place belongs to the chairman of the company Alejandro Castro.



**Figure 18.** SuCarne's Physical Infrastructure  
*Taken from: (Google Maps, 2015)*

### 2.11.2 Design of the Internal Infrastructure

SuCarne has an extension of 14,5 meters by 12,43 meters that encompasses different areas previously distributed for the CEO of the company. Each is being assigned with the purpose of creating a U form to avoid a bottleneck transit in every operation. Within a consultancy, this project will also make a restructuration in order to find a strategy for the departments and elements.



**Figure 19.** Architectural plan of current plant structure  
**Note:** courtesies from the author

## 2.12 Investment

Su Carne made initially a total investment of \$101,300.94 USD, from this amount of money there was a management of Internal and external capital due to \$36.000 correspond to CFN funding source and the internal \$65.300 USD that responds to CEO's investment. It is apart from the several assets that were donated by the Chairman as the freezer chamber, cooling chamber and the building and land that corresponds to Alejandro Castro. There is a detail in the acquisition that the owners of the company made at the moment of having the CAMP capital.

**Table 14.** *SuCarne's External Capital*

External Capital	
CFN entity	\$ 36.000
Percentage	9,83%

**Note:** courtesies from the author

**Table 15.** *SuCarne's Internal Capital*

Internal Capital	
Alvaro Rodriguez	32650
Alejandro Castro	32650

**Note:** courtesies from the author

## 2.13 Computing and Communication Equipment

At the moment of the operation of the company, the owners decided to buy 2 Second hand desktop in order to carries out all the activities. The 2 telephone was donated by the Chairman Alejandro Castro.

**Table 16.** *SuCarne Inc. office Furniture*

Quantity	Description
2	Second Hand Pc
2	Telephone

**Note:** courtesies from the author

### 2.14 Office Furniture

Su Carne has de following Office Furniture, but the most of them were given by the CEO of the company.

**Table 17.** *Equipment for SuCarne Inc.*

Quantity	Description
2	Desk
5	Office chairs
3	Normal Chairs
2	Work table

**Note:** courtesies from the author

### 2.15 Office Supplies

As every company, it is important to make an investment of office supplies in order to work normally, therefore, these are not directly part of the operations but it gives an enormous plus to develop simple activities within the work day.

## Chapter 3: Improvement Proposal

### 3.1 Customer segmentation

As has explained it above the business model that is going to be used is a business to consumer. Therefore, the potential market to which it is directed, are all the families that live in the differences neighborhoods located in the north of Via la costa in Guayaquil city. Thus, according to the statistics given by the INEC of the last population census conducted in 2010, exit 13 neighborhoods; in which the average number of people who make up a family in the sector *Via la costa* is 3.72 people. As shown in the following table.

**Table 18.** *Number of families and neighborhoods selected in the zone of via la costa*

Number	Neighborhood	# Families	People per family
1	Valle Alto	451	3,52
2	Vía al Sol	281	3,81
3	Terranostra	394	3,62
4	Arcadia	84	3,51
5	Punta Esmeralda	167	3,51
6	Portofino	94	4,07
7	Belohorizonte	539	3,72
8	Casa Club	49	3,76
9	PortoVita	49	3,76
10	Portal al Sol	276	3,60
11	Torres del Salado	68	3,92
12	Bosques de la Costa	68	3,92
13	Puerto Azul	1528	3,67
<b>Total</b>		<b>4048</b>	

**Taken from:** INEC. (2017, June 12). Data Population. (R. Mora, & M. Rodríguez, Interviews).

**Note:** Courtesies from the authors

Likewise, the following table describes the usual consumption of protein by age groups and sex on a national scale. In which it is observed that for all groups, the habitual consumption of protein is higher in men than in women. This means that the age group that consumes the most protein, making reference to the consumption of meat, daily both men and women are those aged between 14 to 50 years with a tendency more to a young group of 19 to 30 years.



**Table 19.** Usual consumption of protein daily, by age and sex groups at national level

Age groups	n	Media (gr)
<b>Both sexes</b>		
1 to 3	1316	37
4 to 8	2804	49
<b>Men</b>		
9 to 13	1462	60
14 to 18	1089	66
19 to 30	1328	71
31 to 50	1745	70
51 to 59	260	62
>59	3333	69
<b>Female</b>		
9 to 13	1451	58
14 to 18	1218	61
19 to 30	2884	60
31 to 50	4015	59
51 to 59	360	53
>59	7259	59
<b>Total</b>		
1 to 59	199932	59

**Taken from:** (Freire, Ramírez, & Belmont, 2014)

**Note:** Courtesies from the authors

Namely, the Ecuadorian family eats approximately the same portion of meat without much influence on age. It has been considered that the segment that is going to go with greater focus is the young adults between 18 and 50 years of males because are men who consume more meat than women and usually like to organize barbecues. For this reason, this study chose a young adult segment due to this group besides of counting the majority with own income, they are who most frequently use social networks or tend to search for food references through the websites.

Target type	Variables to consider
<b>Geographic</b>	Region, climate, density and population growth rate.
<b>Demographic</b>	Age, gender, ethnicity, nationality, education, occupation, religion, income and family status.
<b>Pictographic</b>	Values, attitudes, opinions, interests, activities and population's lifestyles.
<b>By behavior</b>	Level and patterns of product utilization, price sensitivity, brand loyalty and the pursuit of benefits and offers.

**Figure 20.** Targeting Criteria of Customer Segmentation

**Taken from:** (TIS Consulting Group, 2013)

**Note:** Courtesies from the authors

Therefore, based on the criteria of consumer segmentation, the consumer profile is evaluated according to these criteria: Geographical, Demographic, Pictographic, and by behavior which help determine through surveys if this type of segment would be willing to consume the product and know their degree of acceptability, Taking into account this segmentation for a specific niche market as an entry strategy to position the brand to a market that is considered luxury and of high and high middle class.

### **Geographical**

- Country: Ecuador
- District: Guayas
- City: Guayaquil
- Sector: North *Vía la costa*

### **Demographic**

- Age: 18-year-old to 50-year-old
- Sex: Female -Masculine
- Socioeconomic level: Medium high and High
- Occupation: Housewives, professionals, students but that generate own income.

### **Pictographic**

- Personality: Sociable, lover of barbeques, that like to cook.
- Lifestyle: A risky lifestyle to try new things, Adaptable to technological changes and people who like things right away.

### **By behavior**

- Desired benefits: people who prefer the quality of the product rather than the price.
- Usage rate: people who consume meat frequently a week and uses social networks and websites to purchase the product at home.

However, although the product can be acquired by a person with the characteristics mentioned above, it has been decided to segment the population of this zone by family taking into account that the family in average is composed of approximately 4 people, given that it evaluate family's income as a whole to determinate the social class of these families.

And by the meat consumption frequency that the family would like to acquire a week.

### 3.1.1 Surveys analysis through the crossing of variables

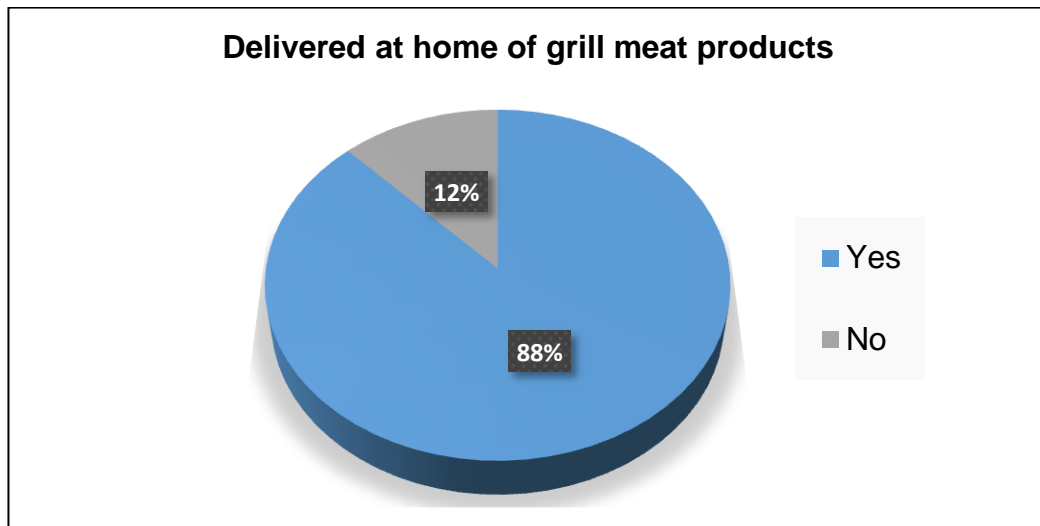
To verify the level of acceptance of the product by the selected segment, the surveys were used. And through the crossing of variables, determinate that customer segmentation is the proper as shown in the following table which combines the variables between sex and the acceptance of eating meat steaks at home, given as result that 55% of men preferer the product and 31% of women also accept it.

**Table 20.** *Product acceptance by gender*

Sex	Acceptation of product	Total	%
Men	NO	13	55%
	Si	139	
<b>Men Total</b>		<b>152</b>	
Women	NO	17	31%
	Si	78	
	do not eat meat	4	
<b>Women Total</b>		<b>99</b>	
<b>Total</b>		<b>251</b>	

**Note:** Courtesies from the authors

Therefore, through the following figure, represents the overall acceptance of meat products that both women and men have. In other words, by means surveys results, it is shown that there is a high acceptance of the market towards the meat product at delivery home, as shown in the following figure.



**Figure 21.** *Acceptance level of delivered at home of grill meat product*

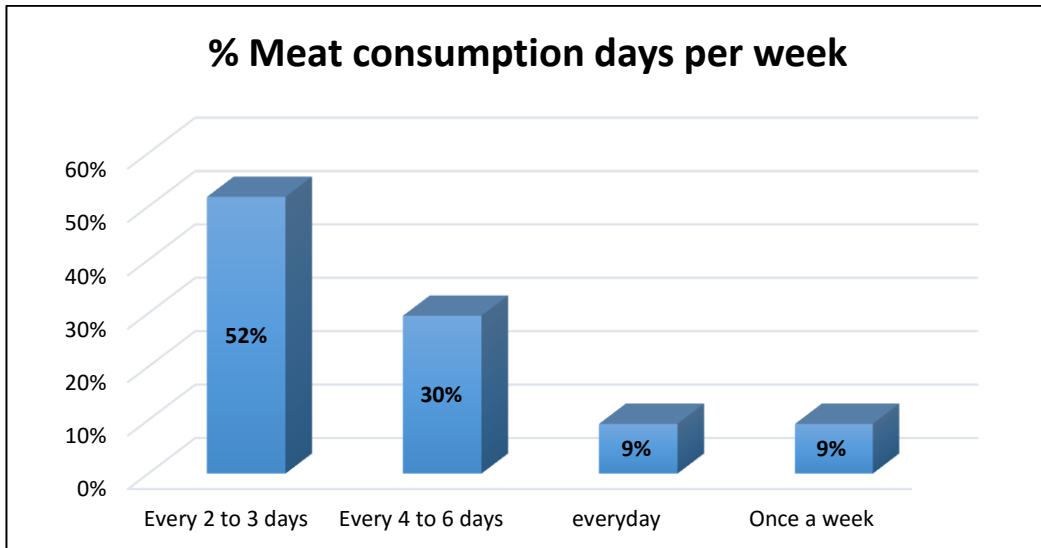
**Note:** Courtesies from the authors

**Table 21. Family income by number of people per family**

Family income	Number of people per family	Total	%
<b>Between \$1200 -\$1700</b>	2 people	4	
	3 people	34	
	4 people	20	
	5 people	6	
<b>Total Between \$1200 -\$1700</b>		<b>64</b>	<b>25%</b>
<b>Between \$1700 -\$2200</b>	3 people	13	
	4 people	12	
	Greater than 5 people	5	
<b>Total Between \$1700 -\$2200</b>		<b>30</b>	<b>12%</b>
<b>Between \$2200 -\$2700</b>	3 people	5	
	4 people	6	
	5 people	5	
	Greater than 5 people	5	
<b>Total Between \$2200 -\$2700</b>		<b>21</b>	<b>8%</b>
<b>Between \$2700 -\$3200</b>	3 people	3	
	4 people	19	
	5 people	6	
	Greater than 5 people	13	
<b>Total Between \$2700 -\$3200</b>		<b>41</b>	<b>16%</b>
<b>Between \$700 -\$1200</b>	2 people	7	
	3 people	25	
	4 personas	9	
<b>Total Between \$700 -\$1200</b>		<b>41</b>	<b>16%</b>
<b>More than \$ 3200</b>	3 people	1	
	4 people	28	
	5 people	18	
	Greater than 5 people	7	
<b>Total More than \$ 3200</b>		<b>54</b>	<b>22%</b>
<b>Total general</b>		<b>251</b>	<b>100%</b>

**Note:** Courtesies from the authors

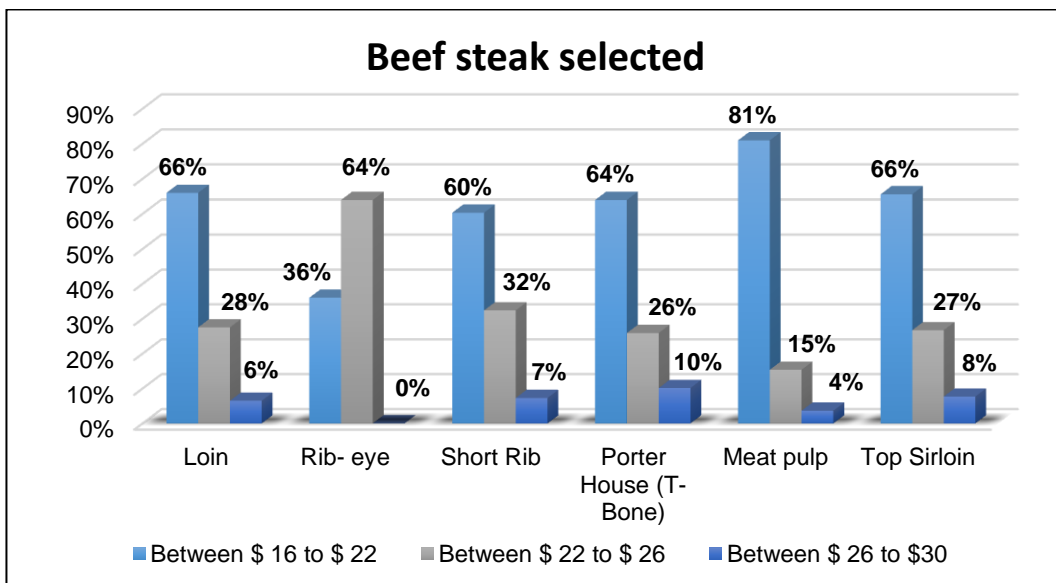
Through the crossing of income variables by the number of persons per family, the **table 21** proving that the largest amount of family income is in families that are composed of a number greater than 4 people, with income of \$ 3200 to more. Namely, 36% of the families surveyed with incomes greater than 2700 dollars are classified as high and high middle class, being this the strongest segment of the respondents. However, the other families although they have incomes less than 2700 dollars, are families that mainly are conformed by 3 people with characteristics of high social class consumers.



**Figure 22.** Percentage of meat consumption days per week

**Note:** Courtesies from the authors

Finally, it is analyzed that the highest frequency of meat consumption per week is 2 to 3 days per family from **figure 22**, which is the referential data of frequency that the market has preferred. As well as the majority families, have accepted the price between \$ 16 to \$ 20 for a meat steak, except the rib-eye steak which the consumer would be willing to pay up to \$ 26 for the product. Giving the acceptance of the price by the consumer to a product cataloged as selective or luxury, as is presented in the following figure. Also, the tabulations of the surveys are shown in **Appendix D**.



**Figure 23.** Percentage of the product price acceptance

**Note:** Courtesies from the authors

### 3.2 Long term Customer Loyalty Program

A customer Loyalty program is used as a powerful marketing tool in every business with the objective of reaching a customer retention at a long-term condition. It consists of a structured rewarding way of working in order to motivate, engage and attract the customer or client to repeat a purchase of a specific product or service. So, that they could provide incentives and make them live a pleasant experience to order something or visit a store again.

*SuCarne* did not have a formal customer loyalty program at their past market segment, but as it is improving its supply chain and verifying the efforts on this business proposal through opening a new market segment, it is relevant to develop strategies that could enhance customers at a long term correcting the previous mistakes made by lack of follow up steps to create fidelity on its environment.

Referring on *SuCarne* 's customer loyalty program for the growth of the new market segment proposed, it has been developing several points to take on consideration. For instance, there are many popular methods to obtain it such as discounts, rebates, freebies, points, special sales, coupons, passbooks, etc.

The strategy that *SuCarne Inc.* wants to implement is appealing to an interaction on and offline content in order to create a customer loyalty program. Likewise, *SuCarne Inc.* will have a website platform to place purchase orders due to the e-tailing distribution channels, it has been decided to apply the social identity theory developed by Henri Tajfel and John Turner (Forbes, 2012). This theory emphasizes that enterprises have to make feel the customers or clients unique and that they belong to a selected group because everyone desire to be inclusive.

The first step to start with a customer loyalty plan tries to obtain a database of all the potential a market the project is pointed so that in this form the company could know the main feature of that group of people and the preferences for the product that is offered. In the case of *SuCarne*'s market segment, it is focused on Via La Costa neighborhood.

- Offline contents:

The offline contents are applied for the customers that have a telephonic approach and presence based through the sales promoters of the company. The techniques consist of the following.

- Reward program:

The rewarding program encompasses the accumulation of coupons that will be given after a sale. As well as the delivery of little stickers to complete a passbook and then obtain a barbecue tool.

- Birthday moments:

For every client that celebrate their birthday, the company will offer a specific cut for free or will deliver a gift at the house of the clients.

- Partnership Alliance:

SuCarne will make a strategic alliance with restaurants that buy the products it offers or any other company for entertainment in order to attract the attention and interest of clients.

- Accumulate points:

It consists on the accumulation of points to reach a specific discount on any meat cut or product of the enterprise portfolio

- Creation of special events:

Make customers think that Su Carne forms part of special moments of their life through the organization or guide for a familiar barbecue or party.

- Mailing:

It is developed to have a near contact with the clients and customers in order to show new discounts, sales and the entire portfolio for them.

- Online Contents:

Online contents are guided for customers that get touch with Su Carne through the official website platform, social Medias as Facebook, Instagram and Twitter, and Apps.

- Good vibes messages through social networks.
- Points at the online purchase.
- Virtual purse.
- Newsletter with different groups of clients depending on their likes and preferences.
- Surprise for the first customers of the company.

- Discounts depending on the loyalty, the volume of sales and frequencies of clients.

### **3.3 Corporate strategies**

These strategies are used so that the organization can carry out processes that allow it to organize its areas of work at present, that can define its purposes and objectives in a determinate time in which it requires a guideline of planning, analysis, and a control. This planning represents the economic instruments of measurement that the company counts to evaluate efficiency and projections.

Also, a strategic analysis that consists of a strategic plan, the description of the company SWOT and a new organization chart. And finally, there is the strategic control that are the decisions that help the company to strategically as it is going to face the threats and opportunities offered by the market.

#### **3.3.1 Strategic plan**

##### **3.3.1.1 Mission proposal**

*We are a trading company and distributor of meat products that fulfill the proper quality standards with the purpose of satisfying the Guayaquil market by means of barbeque packs of different types of meat through e-tailing sales with a direct distribution to the consumer.*

##### **3.3.1.2 Vision proposal**

*In 2022, SuCarne Inc. will become meat producer following the standards and regulations that the different institutions in the equator determine, thus achieving a greater positioning of the brand in the Guayaquil market and a more efficient distribution in its value chain which will be distributed from the factory to the final consumer.*

##### **3.3.1.3 Values**

As previously mentioned the company did not also have organizational values which are the principles of the company respect to its customers and internal collaborators. However, it is necessary that the company symbolizes its principles and ideals as an organization that allows engaging with its employees and their clients. For that reason, the values have been established according to teamwork, commitment, and integrity that all SuCarne Inc. members have with the different external and internal agents.



**Commitment:** The company is committed to an efficient delivery of the product and of very good quality following their respective standards.

**Integrity:** SuCarne Inc. for the allocation of the sales price to the customer takes as reference the market prices assigned by MAGAP and the law of price control to bring a fair trade within the market in which it is developed.

**Teamwork:** The union of the skills and abilities of each employee of the company creates an efficient process and strengthens the internal relations of the organization that is reflected with external collaborators.

**Agility:** Are all means of coordination that can have the employees of the company to carry out an activity efficiently without harming the quality of the product.

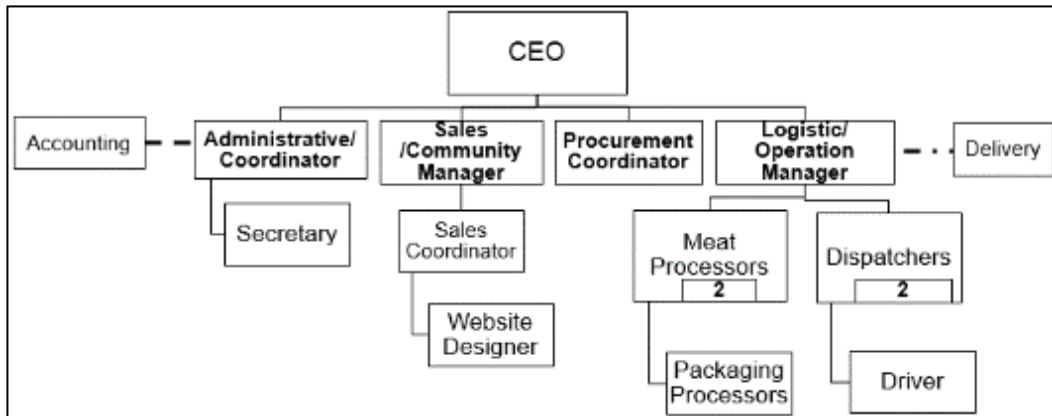
**Communication:** It is important that to carry out an effective process and to obtain accurate information between departments, it is necessary the interaction and the connection that can exist between each department to generate a good labor climate based mainly on the communication.

### **3.3.2 Organizational Chart Proposal**

The proposal of the organizational structure of Su Carne is focused towards a better vertical distribution of tasks and functions of every single employee in order to embrace a linear responsibility and authority. The responsibility has to go from the third Level to the upside and authority in an opposite direction respectively so that there is a hierarchical approach. For motivation and correlation of growth, the levels of each subordinate will be identified with a number and a letter as 1 A, 1B and 1C according to their role and wages. Being 1C the highest range represented by the CEO's. The owners of the enterprise are Alvaro Rodriguez and Alejandro Castro that compasses the roles of CEO's with different duties to accomplish.

The initial organizational chart did not have a segregated job posted for everyone or either well-defined functions to be carried out by each team, otherwise, the personal works according to the business need at the moment. Likewise, a successful team that exceeds the limits beyond established is the one that is integrated and which their employees know perfectly their role.

Therefore, this proposal wants to achieve a new structure which could accomplish specific functions for every employee so that none of them does more than the description role of their job post.



**Figure 24.** Organizational Chart Proposal

**Note:** Courtesies from the authors

Employee	Level	Roles
<b>CEO</b>	1C	1.-Supervise the accomplishment of the strategic plan and business activities of the organization 2.-Create a vision of the development of the entity that enhances strategies at short, mid and long term 3.-Track the baselines project that each department proposes.
<b>Administrative/Personnel Coordinator</b>	1B	1.-Software Zoho Management 2.- Payroll of employees 3.- Financial control of Incomes and Expenses.
<b>Secretary</b>	1A	1.-Support on the payroll management 2.- Documentary files of employees 3.-Make appointments and create agenda of CEO.
<b>Sales /Community Manager</b>	1B	1.- Create weekly sales projections 2.- Trade channels strategies 3.- Customer loyalty and retention strategies.
<b>Sales Coordinator</b>	1A	1.- Get Customer orders 2.- Prepare value orders 3.- Consultancy of inventory on every order.
<b>Online Vendor/Designer</b>	1A	1.- Creation of the Web official site of Su carne 2.- Management of Social Networks 3.- Commitment of orders

Employee	Level	Roles
<b>Purchase Coordinator</b>	1B	1.- Purchase raw materials 2.- Replenishment of inventory 3.-Forecast of meat products.
<b>Logistic/ Operation Manager</b>	1B	1.- Management of delivery schedule 2.-Distributions of weight on vehicles 3.-Design of delivery routes
<b>Driver</b>	1A	Ride the truck to collect the purchase of raw materials or delivery the familiar barbecue pack of peak days
<b>Dispatchers</b>	1A	Consolidates delivery order by a number of client, products, and invoices.
<b>Meat Processor</b>	1A	Handling and cuts of meat such as beef, poultry, pork, and sausages.
<b>Packaging Processor</b>	1A	Package the meat products.

**Figure 25.** Characteristics of each Job post

**Note:** Courtesies from the authors

The Accounting and delivery of products will be outsourcing by two companies respectively that will give us service without including them on the payroll: The accounting process will be carried out by CPA Patricia Loor and the Delivery with the company.

### **3.4 Marketing Mix**

The Marketing mix is a method that refers to settlement of strategies, actions, and components that defines how a company promotes and strengthen a product, brand or service as a manner to get in contact with clients and succeed in a marketing business plan. According to (Kotler & Armstrong, 2007) “Marketing Mix is the set of controllable variables that the firm can use to influence the buyer’s response”.

It is a relevant tool because it allows the company to influence on the consumers from having information about points of sales, reference prices, investment, medias, and customer loyal practices to understand their needs, likes and preferences. Marketing Mix is about offering the right product or service, deliver it at time, at the right place and with the price negotiated. It corresponds to the operational and execution part of the marketing plan. Indeed, it consists of 4 P’s such as: Product, Price, Place, and Promotion. Likewise, the 4 P’s correspond also to the 4 C’s of marketing that engage as the chart below.

4P's	4C's
Product	Customer Value
Price	Cost
Place	Convenience
Promotion	Communication

**Figure 26.** The 4 P's and the 4 C's of Marketing Mix  
**Taken from** (Kotler & Armstrong, 2007)

**Note.** Courtesies from the authors

### 3.4.1 Product

Product is an item it could be tangible or intangible with the objective of satisfying the target segment. There will be a research to ensures the acceptancy of the product in the place the enterprise is desiring to enter. It is important to take into consideration the Product Life Cycle, the Product mix, and characteristic of the product to succeed in the implementation of marketing strategies.

Therefore, Product Life Cycle is similar to the bio life cycle as it embraces 4 phases such as: Introduction considered as the birth of a product in the market, growth as the implementation of marketing strategies to gain market share of the recent product, maturity when the products have reached a point of acceptance in the market and it sells by itself and then decline as the level of saturation of the mentioned product in the market as a lack of product mix or innovation.

Finally, product Mix responds to the width, length and consistency of the product as new product lines and diversity of product in each line. As well as the characteristic, such as core, actual and augmented product.

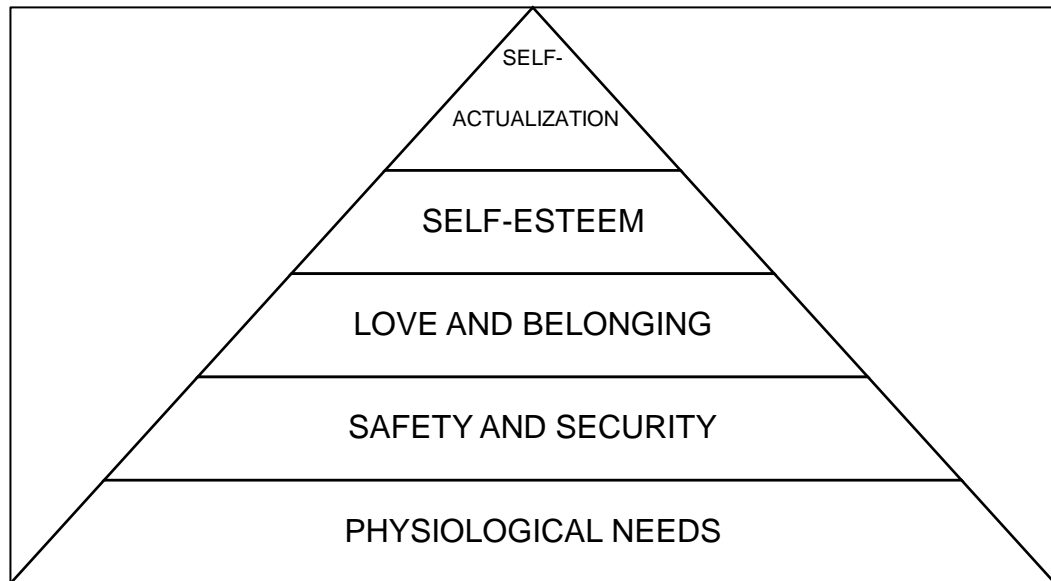
#### 3.4.1.1 SuCarne's Products

*SuCarne Inc.* has revolutionized its portfolio and past philosophy by entering to the market as experts on grill meat cuts working on 13 specific neighbors of Via a la Costa. The market segment is for Men and Women grill lovers between 18 and 50 years old with a medium-high social and economic status.

#### 3.4.1.2 Characteristics of the product

- Core Product: *SuCarne* core product responds to the consumption of beef, poultry, pork meat and sausages that are the common

elements that composed the protein feeding of a human being. The objective of the core product is to feed the consumers and satisfy their physiologic need (Bounbless, 2017).



**Figure 27.** Maslow's pyramid

**Taken from:** (Bounbless, 2017)

**Note:** Courtois from the authors

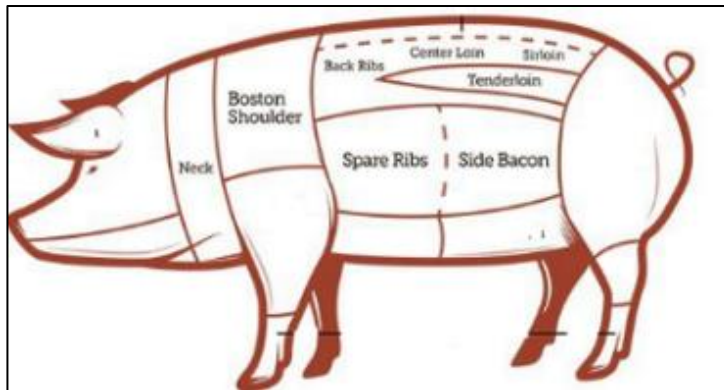
- Actual Product: It refers to the physical features of *SuCarne Inc.* products such as packaging, size, quality, and a presentation that could attract the attention of consumers and customers at any time and try to create loyalty on consumptions.

#### **3.4.1.3 Description of products**

The company offers selected cuts to be eaten on the grill time. It consists of 1 kilo of the following meat cuts:

- 6 types of beef cuts: Loin, Top-Sirloin, Short Ribs, Rib-eye, T-Bone, and Meat pulp.
- 1 kinds of poultry cuts: poultry breast filleted.
- 3 types of pork cuts: Rib chops, loin, and Boston Butt.
- 3 varieties of sausages: Cuencan, Brewery, and Argentinian.

### 3.4.1.4 Physical Description



**Figure 28.** Pork Portions Description

**Note:** Courtois from the authors

Boston Butt steak comes from the upper part of the neck of the pork until its shoulder. This steak could be tough but very juicy.



**Figure 29.** Boston Butt Steak

**Taken from:** (Alfaro, 2016).

Rib Chops are the most commercialized and common part eaten by grill lovers due to it comes from the belly part of the pork until its ribs. It could be compound by 12 to 18 ribs each side.



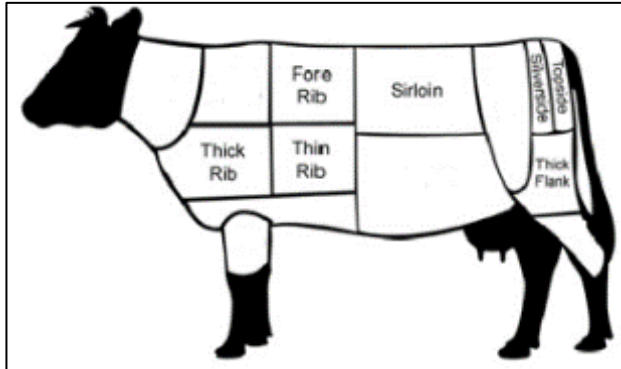
**Figure 30.** Rib Chops Steak

**Taken from:** (Alfaro, 2016)

Loin is the other kind of steak that constituted a real delight to the palate of grillers due to the quantity of meat it produces. It could be called also back ribs, because it does not have a horizontal cut as rib chop but its vertical cutlets produce the sufficient pork meat needed.



**Figure 31.** Loin Pork Steak  
**Taken from:** (Alfaro, 2016)



**Figure 32.** Beef Portions Description  
**Note:** Courtois from the authors

T-bone steak is known in this form because the entire steak has the shape of the T- bone is different from the Porter house by the lack of meat at the edge point of the cut. It could be preferably by a thick piece of  $\frac{3}{4}$  inches.



**Figure 33.** T-Bone Steak  
**Taken from:** (Recipetips, 2016).

Top Sirloin is a steak that does not have any bone, its tenderness makes it juicy and tough. It could be obtained by cutting the butt to the hip muscle.



**Figure 34.** Top Sirloin Steak  
**Taken from:** (Lake Gevena, 2015).

Short Ribs are different from the ribs chops of a pork because the cow only has from five to 9 ribs. This part is obtained from the chuck part of the animal.



**Figure 35.** Short Ribs Steak  
**Taken from:** (Alfaro, 2016).

Loin beef steak is the most tender and juicy portion from all the beef meat obtained due to is the largest cut it has to be made, it goes along from the first loin of the animal to the 9<sup>th</sup> rib.



**Figure 36.** Loin Beef Steak  
**Taken from:** (Steakhouse, 2015).

Rib-eye steak is one of the most expensive cut because it has to be portioned very careful and it represented the part of the animal that must be taken care continuously as the ribs from the first and second section of beef.



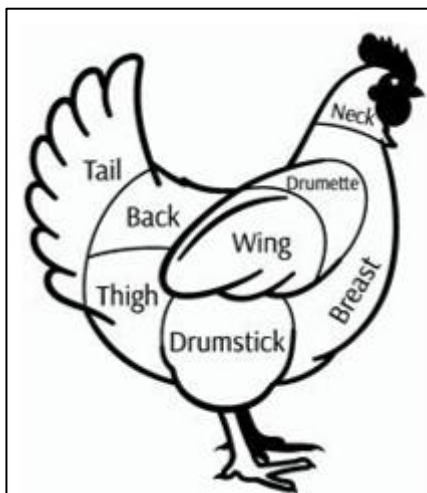


**Figure 37.** Rib-eye Steak  
**Taken from:** (Steakhouse, 2015).

Meat pulp is the common kind of beef meat that could be easily found in supermarkets because it is very used for grill time. Also, it is 2.5 times tender than loin as well as soft and flesh. It could be eaten with a thickness of ½ inches



**Figure 38.** Meat Pulp  
**Taken from:** (Steakhouse, 2015).



**Figure 39.** Poultry Portions Description  
**Taken from:** (Steakhouse, 2015).



**Figure 40.** Fillet Poultry  
**Taken from:** (Steakhouse, 2015).

The sausages category includes three types of most common products eaten as Cuencan, Argentinian and Brewery that are used at grill time with families and friends.



**Figure 41.** Sausages Category  
**Taken from:** (Steakhouse, 2015).

### 3.4.2 Packaging

The product presented above will be delivered with specific features and health care required by national and international organizations for that reason every single product of SuCarne portfolio will be vacuum packaged. The packaging could vary depending on the type of meat cuts and its weight.

The package will have the following standard measures:

**Table 22.** Package measures

Weight of the product	Size of the package
1-2 kilos	23X30X11 cm
3-4 kilos	30X50X15 cm

**Note:** Courtesies from the authors

This is the design of the packaging for SuCarne products that contains the logo of the product line, the slogan, the brand name of the company, price, code bar and the weight.



**Figure 42.** Packaging Design  
**Note:** Courtesies from the authors

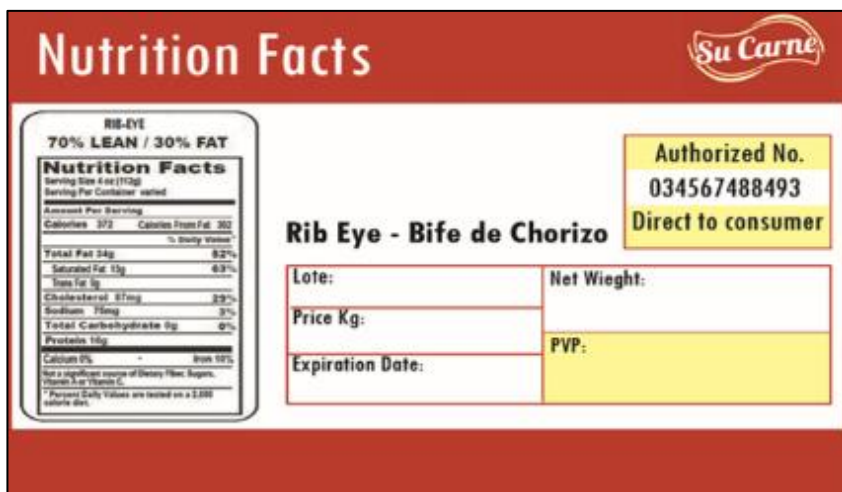
### 3.4.3 Label

#### 3.4.3.1 Primary Principal Part

The front part of the label contains the brand and name of the product, content description, net content, infographic information as pictures and explanation. As shown in **Figure 42**.

#### 3.4.3.2 Secondary Back Part

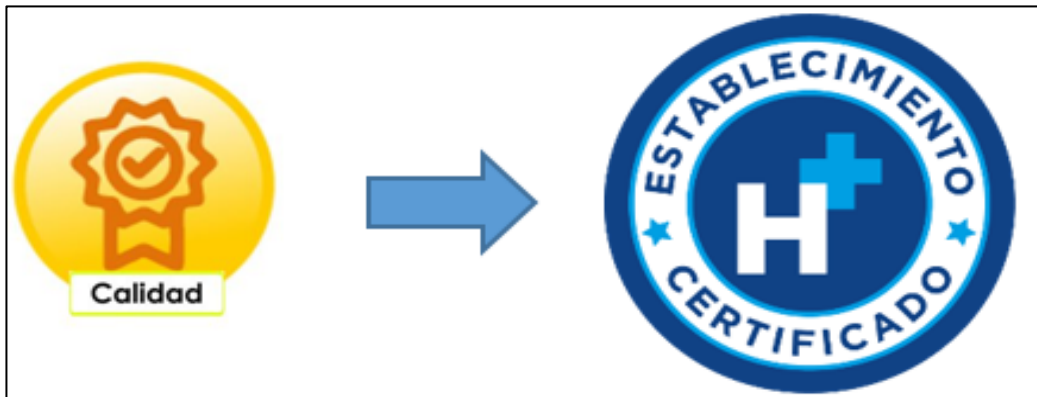
The label of the package has several specifications as: company Brand, nutritional facts, authorization number, ingredients, price per kilo, expiration Date, real weight per product and commercial price, little instructions and a food standard traffic light, composition percentage. As shown in **Figure 43**.



**Figure 43.** Label design  
**Note:** Courtesies from the authors

### 3.4.4 Quality

The quality of SuCarne products will be endorsed by national Health Care organizations that certified Digecca Company due to it is the main supplier of Meat the entity has. Nowadays as SuCarne is a small organization and have passed for a temporary suspension it could not adopted formally and legally the GMP (Good Manufacturing Practices) or HACCP, but it is looking forward to obtain them by regulating their daily new operations adjusting to this two organizations during two years from the relaunch of it.



**Figure 44.** Digecca Health Care Certification

**Note:** Courtesies from the authors



**Figure 45.** SuCarne's objective certification

**Note:** Courtesies from the authors

### 3.4.5 Brand

The brand of the company is SuCarne which will work all the products to be positioned and sold at the market. The line of products will have another brand that is called *SuParrilla* to have a distinction of them in its portfolio.



**Figure 46.** SuCarne brand

**Note:** Courtesies from the authors

#### **3.4.5.1 Logotype**

The logotype of the picture presented is the one that uses the company to represent its product in their packaging. For working at administrative business activity as internal procedures, massive flyers and invoices will be in black and white.



**Figure 47.** SuCarne packaging logotype

**Note:** Courtesies from the authors

#### **3.4.5.2 Typography**

The typography used to design the written part of the logo is “Bodoni Mt Black”, the one that gives special characteristics because it is not conventional. The other logo of *SuParrilla* designed to grill line of production is “Infinite Stroke”.

The augmented product that SuCarne offers is an aluminum tray where all the products are put plus different additional products such as chimichurri, sauces, cheese, charcoal fire, and potatoes to be delivered within the meat products. This additional should be paid by consumers as their normal price at a grocery store because they are acquired there. There will not be an extra cost for delivering them obtaining in this way a Just in Time (JIT) process. The example of this will be presented with a picture below.



**Figure 48.** Delivery Process

**Note:** Courtesies from the authors

### 3.4.6 Product Mix

The product mix consists on the number of products that compound the different product lines a company has. In the case of SuCarne, it has developed one line of production that correspond to the meat cuts for grill. In addition, this line of production embraces 4 categories and each one with its respectively beef, pork, poultry, and sausages.

**Table 23.** SuCarne Product line

Categories	Product line MEAT CUTS FOR GRILL			
	Beef	Pork	Poultry	Sausages
Product 1	Rib eye	Rib chops	Fillet	Cuencan
Product 2	Top Sirloin	Boston Butt		Argentinian
Product 3	Meat Pulp	Loin		Brewery
Product 4	Short Rib			
Product 5	Loin			
Product 6	T-Bone			

**Note:** Courtesies from the authors

**Table 24.** Technical Features of the product

Name	SuParrilla Product lines
Category of the product	MEAT PRODUCTS
Principal Features	Selected beef, pork, poultry cuts of meat to be served on a grilling time with the family and friends. It contains 1 kilogram
Target Market	13 Via a la Costa Neighborhood mentioned in the market segmentation part.

**Note:** Courtesies from the authors

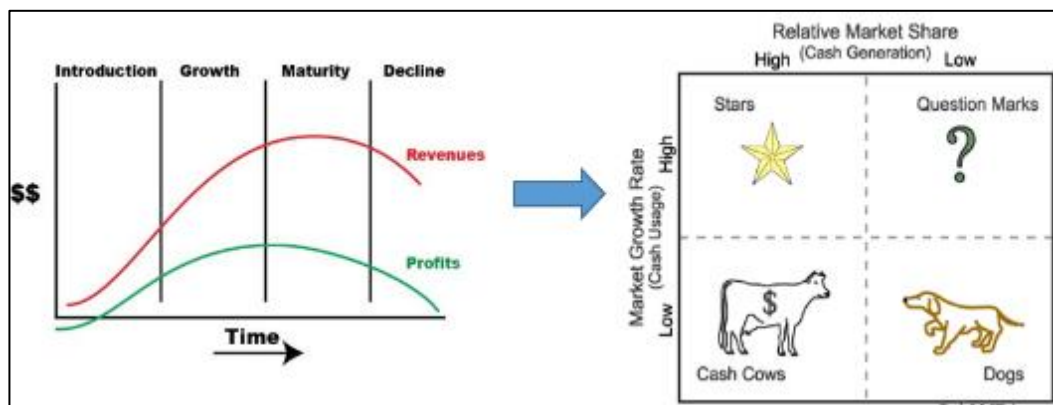
#### 3.4.6.1 Product Life Cycle

SuCarne products are in the introductory part because they are new at Via a la Costa Market segment. It is the truth that Su Carne has a big competitive partner as Fernandez near the zone, but the wide differentiation of the company is the direct delivery service it offers. Matching it with the (Boston Consulting Group) BCG matrix, SuCarne portfolio corresponds to

the Question Mark products, that are the ones that could be developed and gain market share as they are new for consumers, however with some marketing plan campaigns it could little by little pointed to the new market target.

The Boston Consulting Group is a matrix that allows a company to classify the type of product lines it has in order to put the efforts on the ones that have the highest rate of growth and reduce economic impacts. Also, it evaluates the strategical place of the brand portfolio. This matrix divided the product in 4 categories as: Question Marks, Stars products, Cash cows and dog bones products. It is composed by two dimensions that are the profitability of a product and the growth on if at the market.

The question marks hold a low rate of market share, it needs marketing investment to be considered in the market as an attractive product due to it is new and is just introducing it. It has many possibilities to gain a market target as an opportunity to become a star with the company's resources.



**Figure 49.** Product Life Cycle

**Note:** Courtesies from the authors

### 3.4.6.2 Price

“The price is the amount the consumer must exchange to receive the offering” (Solomon, Borden, & Marshall, 2012).

The price of SuCarne products will be developed taking in consideration three important aspects such as: Preference prices gather by surveys, Cost of acquisition of meat cuts and Operational cost the company has. The prices calculate are done by kilos that are the official measure that *SuCarne* manages. Below there is a table with the referential prices of each product of its portfolio.

Categories	Lines of Production Meat steak for grill		
	Beef	Price	Weight
Product 1	Rib Eye	\$ 16	1 Kg
Product 2	Top Sirloin	\$ 18	1 Kg
Product 3	Meat Pulp	\$ 16	1 Kg
Product 4	Short Rib	\$ 20	1 Kg
Product 5	Loin	\$ 16	1 Kg
Product 6	T-Bone	\$ 18	1 Kg
Categories	Lines of Production Meat steak for grill		
	Pork	Price	Weight
Product 1	Rib Chops	\$ 14	12 Ribs
Product 2	Boston Butt	\$ 6,90	1 Kg
Product 3	Loin	\$ 8	1 Kg
Categories	Lines of Production Meat steak for grill		
	Poultry	Price	Weight
Product 1	Fillet	\$ 6,30	1kg
Categories	Lines of Production Meat steak for grill		
	Sausages	Price	Weight
Product 1	Cuenca	\$ 4,90	1kg
Product 2	Argentinian	\$ 6,00	1kg
Product 3	Brewery	\$ 5,50	1kg

**Figure 50.** Meat steak price

**Note:** Courtesies from the authors

### 3.4.6.3 Place

Placement is a relevant part of the marketing mix due to the commitment and direct contact it will make between the product or service and the potential buyers. It should be accessible and have a distribution plan that everyone could handle.

The company is situated at Central *Urdesa* near *Seguros Colonial* enterprise, but this place responds only the organizational structure and production plant of it because nowadays *SuCarne* does not count on with a point of sale due to the e-tailing distribution channel and the delivery direct service it offers to Via a la Costa neighborhoods. There are four types of distribution strategies, for the purposes of this business proposal it had been chosen the selective distributive due to the Via la Costa market segment the project is working with.

Clients could buy our products by two medias as the Internet and by telephone that are: Company official site, Social networks, and phone



calls. These facts are taken from the surveys where consumers indicate at 54% putting orders by calling to the enterprise and 46% by ordering from *SuCarne*’s website.

The official Website that *SuCarne* has designed to get closer to consumers, which has the following sheets of interaction as shown in **Figure 51**. Besides the address of the website is: <https://suparrillasucarne.wixside.com/suparrilla>.



**Figure 51.** Official Website design *SuCarne*

**Note:** Courtesies from the authors

#### 3.4.6.4 Promotion

“Promotion includes all of the activities marketers undertake to inform consumers about their products and to encourage potential customers to buy these products” (Solomon, Borden, & Marshall, 2012). Namely, promotion is the channel to communicate the enterprise experiences, prices, products to the clients and consumers as a tactic to be in touch and maintain an expectative on them. Hence, the promotion of the company will be done by the following medias.

**Table 25.** *Promotion medias of SuCarne Inc.*

Activities	Media	Company	Price	Quantity	Total Monthly	Total Annually
<b>Cold Calling</b>	Get a Database of the pointed neighborhoods in order to engage them and offers the product though a cold calling	Data plus	369	2	61,5	738

Activities	Media	Company	Price	Quantity	Total Monthly	Total Annually
advertising	Flyers	<i>Chacon</i>	0,45	200	90	1080
	Sales Promotor	<i>Promoideas</i>	250	1	250	3000
	Radio <i>Disney</i>	<i>Disney</i>	18	3	54	648
	Radio <i>La otra</i>	<i>La otra</i>	16	2	32	384
BTL	Cuts of Meat Fair at <i>Plaza Colonia</i>	<i>Plaza Colonia</i>	2793	1	465,5	5586
Adds or subscription on web pages	Search Optimization Engine	Indian	150	annual	12,5	150
	AdWords SuCarne Steak SuCarne - SuParrilla	Opal Infotech	1150	annual	129,17	1549,92
social commerce	Create a Facebook Account	Facebook	Free	0	0	0
	Create Instagram Account	Instagram	Free	0	0	0
	Twitter Account	Twitter	Free	0	0	0
	Account on Youtube to explain why our cuts meats are different	YouTube	Free	0	0	0
<b>Total Promotion Activities</b>					<b>1094,67</b>	<b>13135,92</b>

**Note:** Courtesies from the authors

### 3.5 Business functional strategy

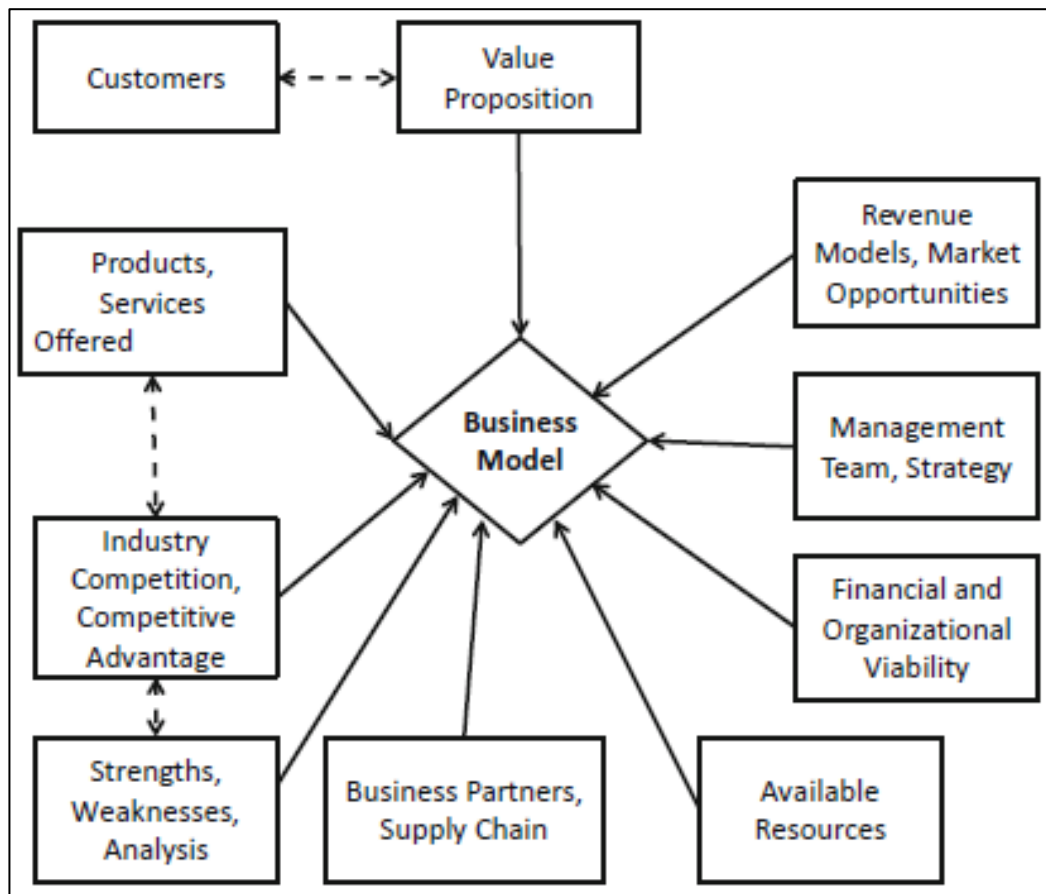
Business functional strategy is an organizational plan that adapts to both the industry and the company in order to give support to business strategies, besides integrating within its plan the different departments such as marketing, finance, human resources and others. Namely, that part of the implementation that is going to be done by each department of the company, considers its own functional strategy which are based on organizational norms as on measurable parameters that serve to evaluate a continuous improvement of the value chain and in turn the restructuring of its business model promoting a more efficient supply chain.

Therefore, business functional strategy explains how the activities and procedures are going to be done in each area of the company; thus, it defines actions and processes that each department will implement to contribute to the improvement within its value chain in order to optimize resources and be efficient over time. In addition, functional strategies must

be connected with corporate strategies because the purpose of this is to explain what will be done in the corporate area and synchronize with functional strategies which express how it will do so.

### 3.5.1 Improvement of Business Model into Supply Chain

Business model “is a description of how an organization intends to generate revenue through its business operations” (Turban, King, Jae Kyu, Ting-Peng, & Turban, 2015, p. 110). For example, for SuCarne Inc. the new model employed breeds value to both company and product or service offered to the customer. Taking into account the corporate differentiation strategy against the competition. Therefore, it is important to define the business model because it allows to organize and to determine the departments, looking for possible inconsistency and deficiencies by area.



**Figure 52.** The major components of a business model  
**Taken from:** (Turban, King, Jae Kyu, Ting-Peng, & Turban, 2015)

The main components as shown in **Figure 52** are the departmental criteria that have been taken into account to organize value proposals into *SuCarne Inc's* supply chain and propose a business model that adapts

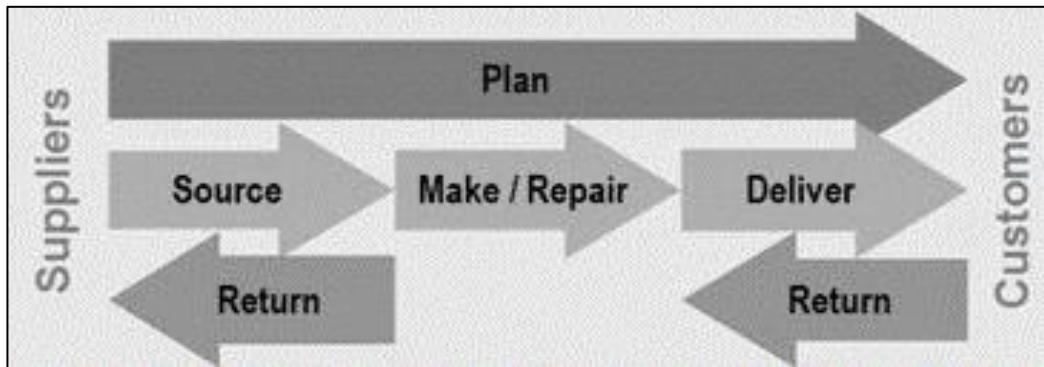
both to the new trend of delivering directly to the consumer as to the internal needs of the organization. Since as previously mentioned in Chapter 2, the company managed a B2B model both with its suppliers as with its customers, where some intermediaries existed within its supply chain, not to mention the inefficiency of their value chain which besides being disorganized, it had also lost information.

Further, all the past events and the temporary suspension of its activities that the company has had due to the lack of an orderly Supply chain model. This project has the challenge of creating a business proposal for restructured the supply chain model of the entity through a new distribution channel based on an e-tailing model. Within the purpose of customized each step of the SC and internal value chain to make this type business profitable.

Hence, for this improvement will start from improving the supply chain to its distribution channel including the areas belonging to SuCarne Inc's value chain. For this, it has been considered to encompass these improvements through of SCOR model (Supply Chain Operations Reference) which is composed of 3 levels measurable that cover the upper, intermediate and lower levels of the supply chain.

### **3.5.2 SCOR model**

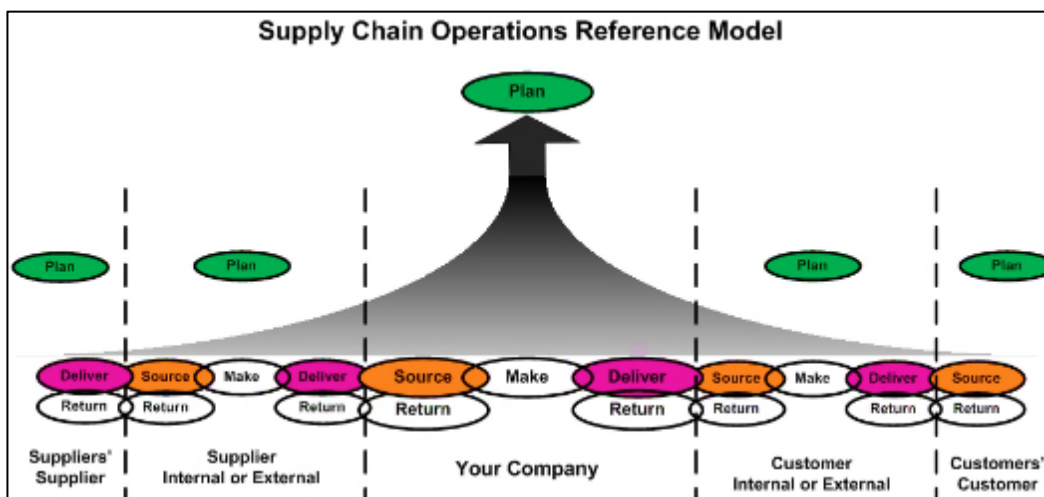
This SCOR model “defines a system for organizing performance metrics and for associating those metrics with strategic goals and business processes”, (Morris, Kiwook, Lyons, Swee, & Hyunbo, 2015, p. 2); it means a framework that guide, measures and aligns business processes, performances, practices, and skills. This model describes the SC process on 5 key words such as: Plan, Source, Make, Deliver and Return to create a genuine interaction with suppliers and external customer engaging all the actors of the chain as the graphic below is shown.



**Figure 53.** SCOR Model Process Building Blocks

**Taken from:** González, R. G. (2013). *www.Pdcahome.com*. Retrieved from SCOR Model: <http://www.pdcahome.com/4753/desarrollar-un-modelo-de-gestion-de-cadena-de-suministro-modelo-scor/>

In addition, The SCOR model allows to implement and describe organizational strategic goals so that performance, business processes, and management standards could be measured by the usage of Key Performance Indicators (KPI'S) in all the operation at a hierarchical model. This KPI'S will be applied in all the departments to guide the processes and have a benchmarking of the variables of each area the company desires to improve. To accomplish the objective of SCOR model, this works within three processes levels as Scope, Configuration, and Business Activity.



**Figure 54.** Supply Chain Operations Reference Model


**Taken from:** González, R. G. (2013). *www.Pdcahome.com*. Retrieved from SCOR Model: <http://www.pdcahome.com/4753/desarrollar-un-modelo-de-gestion-de-cadena-de-suministro-modelo-scor/>

The Scope levels refer to an execution of a general vision plan that could enroll all the five key words mentioned above. This higher level studies the competitiveness of company in the market trying to evaluate the general business strategies. As they could promote the improvement and

approaches of each supply chain actor through customized objectives. Scope level starts with a previous performance valuation of the entity that embraces a final post-sales evaluation to customers.

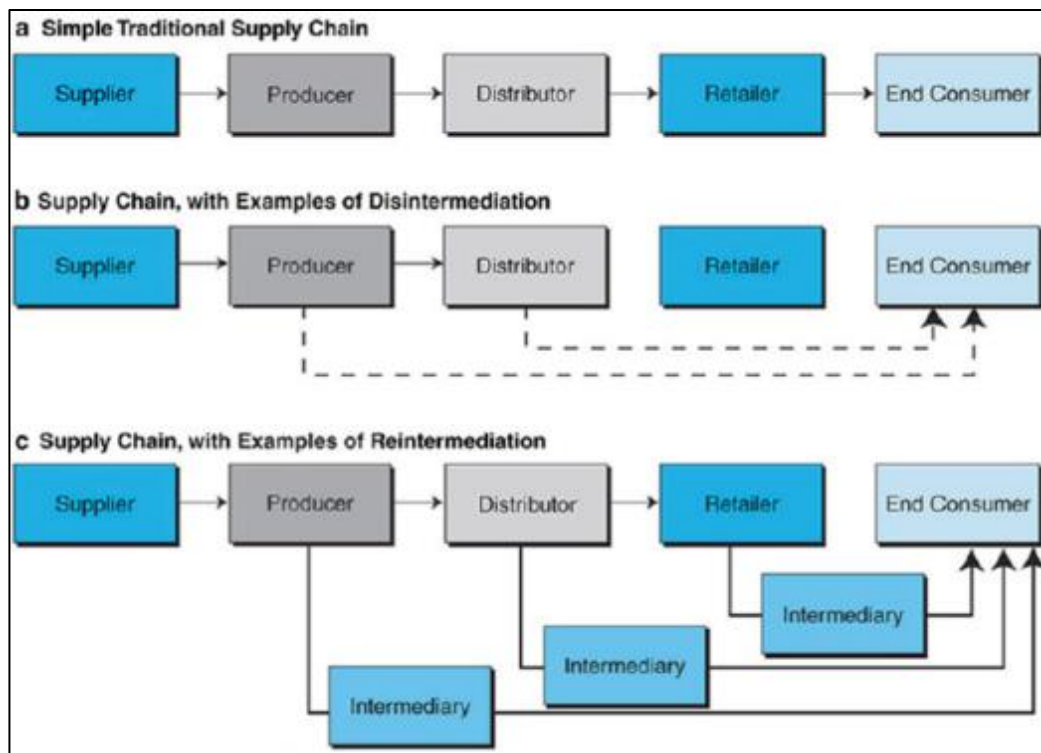
Consequently, the evaluation must have been made based on the following matrix where all the main business activity should be pondered according to problematic classification, the level of importance and impact it has on the operation. In this evaluation, must participate all the actors of the company to have an integrated vision and not segregate results. The matrix should consider the following aspects such as:

**Table 26.** *Evaluation activities matrix*

Supply Chain Activities										
	Impact on financial results			Impact on administrative Management			Market coverage Level			Total average
	% Given			% Given			% Given			
	1	2	3	1	2	3	1	2	3	
Demand Forecast	High Impact									
Commercial Decision Making										
Procurement Process										
Inventory Management										
Operations (Meat Processors)										
Desegregate Business Objectives										
Maintenance of Equipment's Organization	Medium Impact									
al Adding Value to market										
Customers Loyalty										

**Note:** Courtesies from the authors

### 3.5.3 Proposal of new Supply chain



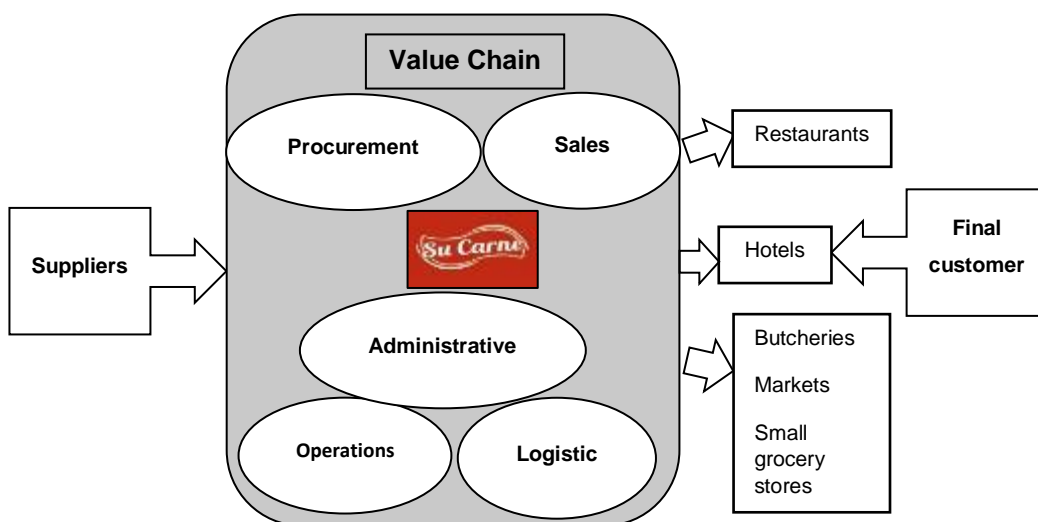
**Figure 55.** Disintermediation and Reintermediation in the B2C supply chain

**Taken from:** (Turban, King, Jae Kyu, Ting-Peng, & Turban, 2015)

The supply chain that the company is a traditional model according to figure 4, this supply chain would be represented in category **A** in which exists a retailer who is responsible to interact and selling to the final consumer. Providing greater efficiency to supply chain category **B** which absorbs the protagonist and responsibilities of two chain's actors which are the distributor and the retailer, obtaining a greater control forward of its supply chain. This model does not allow to have the feedback directly from the consumer and therefore know in which aspects the company can improve and innovate.

That is why, due to the results of the interviews with the traditional market which noted that a lot of time has passed since *SuCarne Inc.* closed its operations, they began to establish their trust in the meat products that the large retailer delivered to them. In addition, the company not being a direct meat producer generates a weakness at moment competing for prices and not be accepted again by this type of market. For that reason, this project proposes a supply chain that may not win by sales volume as in the

traditional market. Nevertheless, it gains by a margin of utility given an immediate liquidity to the company since it is sold to the consumer directly. For instance, according to Supply Chain Management that *SuCarne* had it encompassed a long interaction between the actors that were: suppliers, procurement, operations, sales, own distributions cost as an internal value chain of the company that carried out a process to sells to its organizational client through a B2B model so that these entities could be a channel to get in touch with consumers. It means the general external SC of the company has 4 important links from which one of them represents *SuCarne* value chain. To illustrate the past SC of *SuCarne*, there is a graphic:



**Figure 56.** Current Supply chain of SuCarne Inc.

**Note:** Courtesies from the authors

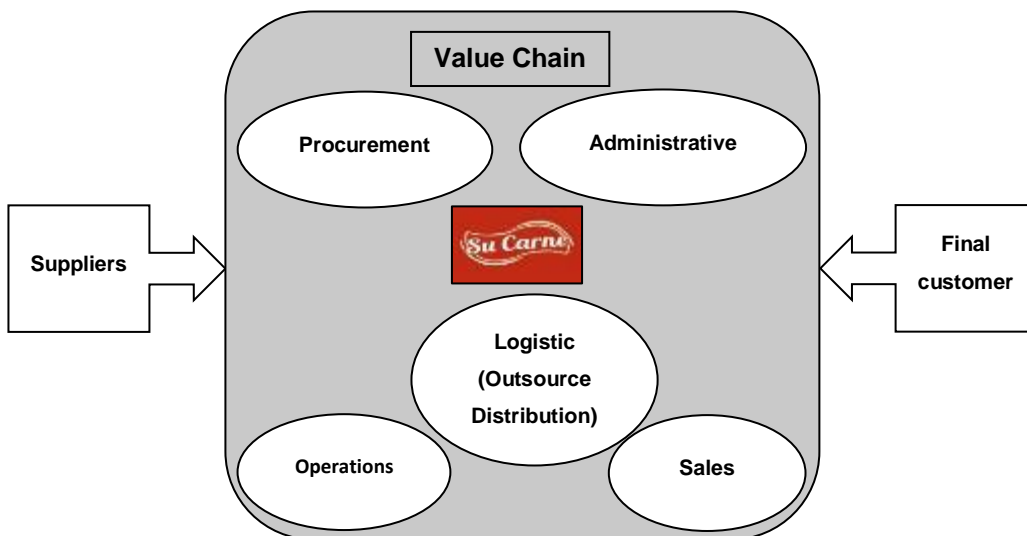
This graphic explains how the first SC of *SuCarne* functions and how the actors interact with each other. Additionally, it analyzes the length of the supply chain as the number of intermediaries within the operations until it reached the final consumer, not having a record and control unable to get information on the markets real need. This SC was done by a B2B model concept and retailing distribution channel.

In this manner, the restructured model of the Supply Chain of the company that this thesis is proposing is basing on a reduction of actors that could make the supply chain more efficient and without a lot of unnecessary intermediaries. This valuation that was made at the beginning of the project helps to diagnose the current situation of *SuCarne* and take



actions to design a system that could be adaptable to the daily operation of this entity and the kind of business it plays at the market.

The new SC design is composed of three actors such as: suppliers as an external first link, then comes the three main areas of the organization as procurement, operations, sales and a change of the distribution department in which is going to be outsourced to reduce internal cost in logistics and transportation. Su Carne has its own truck nevertheless the truck fill is not going to be fulfilled the usage capacity generating future cost and constraints on the company expansion plan.



**Figure 57.** Proposal Supply Chain of SuCarne Inc.

**Note:** Courtesies from the authors

Analyzing the current SCM of the company, it resulted on spins in the business model of the company from the limited product offering, aligned market segment, and short client demand. In order to re-do the company strategy, it had been relevant to go through several documentations, analysis interviews and research on the market and competition. This project has taken the risk of changing its market segment strategy due to two important reasons: *SuCarne* doesn't own its brand. Thus, they use *Pronaca*, *Faina*, and *Solis* brands at the moment of the delivery to save re-packaging expenses.

Indirectly, *SuCarne* was positioning *Pronaca*'s brands on their market segment. The other point that was taking in consideration is that the company was offering the meat without any added value and was trying to compete with huge brands that have a great percentage of market share.

Indeed, SuCarne cannot longer continue working with its current market segment, during several interviews with past client the acceptance ratio has declined, and SuCarne's direct suppliers have taken over the market. Companies such as *Pronaca*, *Faina* nowadays are getting in contact with consumers directly and eliminating intermediaries.

That is the reason why the new SCOR model takes into consideration all the background exposed before developing a system that could enhance these failures and convert them in success aspects and strengths to the company. For instance, the SC of Su Carne will manage a B2C concept to reach final consumers at once. In the chart below. there is a graphic of the evolvement of these processes.

#### **3.5.4 Development of the SCOPE level for SuCarne Supply chain**

The SCOPE level of the SCOR model involves in this higher level the appliance of the S&OP Planning method in order to align and synchronize the teamwork's that are involved in the interactive process of reaching the strategies and objectives of the different areas that *SuCarne* has. S&OP Sales and Operations Planning is a planning decision-making method to optimize a business through a multimodal process that engages all the departmental actors. The main objective is to coordinate and stablish a same monthly target to be worked by all the areas.

Besides, the benefits that provide S&OP is to have a unique plan for the whole company and not a segregated plan per business unit. It allows working together to obtain a volume of sales that could satisfy and help each team to reach their Key performance indicator and objectives efficiently without an extra effort from the forecast established. On the other hand, it performs an improvement on customer services, supply chain optimization such as stock wright off and reductions.

S&OP enable to identify risks and Horizon gaps so that the entity could afford a margin on categories, success on innovations and a sustainable growth of the business. Indeed, to measure the customized objectives mention before, *SuCarne* will develop two KPI'S to know how the total business performance is going and one tool to determine the functionality

of forecast through innovative products. These Key performance indicators are the following:

### 3.5.4.1 Forecast Accuracy

To measure how close was risen the estimation of volume sales versus real sales each month. The goal of this indicator is to evaluate the sales, inventory and finance cost that causes an excellent or misunderstanding forecast in terms of over sales or fall sales.

$$FA = \frac{1 - \text{absolute}(\text{Volume of real sale} - \text{Volume forecast sale})}{\text{Volume of forecast sales}} \times 100\%$$

$$FA = \frac{1 - \text{abs}(800 - 1000)}{1000} \times 100\%$$

### 3.5.4.2 Forecast BIAS

It consists on a percentage that measures the standard deviation from the target number of sales volumes and the real number of sales.

$$FB = \frac{(\text{Volume of real sale} - \text{Volume forecast sale})}{\text{Volume of forecast sales}} \times 100\%$$

$$FB = \frac{(800 - 1000)}{1000} \times 100\%$$

The CEO and the managers of the areas will be in charge of the annual demand forecast based on historical data and the growth expectations of the market. Once, the growth rate is established, the commercial or sales department will make a monthly planning to define how much they estimated the market will accept the product taking n reference the sale of the last month, specific dates, promotional impacts, product stations and substitutes in order to get aware the procurement department about the quantity that must be needed for the current month.

Objectives	KPI	Period	Responsible	Result
Measure accuracy of forecast volume of sales	Forecast Accuracy	Monthly	CEO Procurement Sales Logistics and Operations	%

Objectives	KPI	Period	Responsible	Result
Measure the impact of the forecast volume of sales on the business activity	Forecast BIAS	Monthly	CEO Procurement Sales Logistics and Operations	%

**Figure 58.** Detail of the Activity Done to Accomplish KPI

**Note:** Courtesies from the authors

### 3.5.4.3 Developing of the Innovation Forecasting Tool

Innovation Forecasting Tool is going to be used when a new product will be introduced in the portfolio taking as a reference the historical sales data of a similar product. IFT is a mandatory document to obtain the forecast of innovative products. This tool is used by Unilever Adina Ecuador to obtain the forecast of personal care category products on which they have a reference from the sell in and sell out of the market. Unilever began to work on this instrument since 2016 as a demand planning source.

On the other hand, it uses the local numeric distribution of each channel, as well as it allows the company to recognize the initial forecast to be introduced at that point of sales as the levels of turn volume. It contains 7 sheets split by: Criteria, Basic Information, Numeric Distribution, Volume of sales, Forecast One and Forecast per channel. For instance, each one of the sheets is going to be explained within its functionality, input and output data and the responsible team to be in charge to work on it. It measures the numerical distribution of the sales of each channel: modern and traditional providing information on the volume that represents each customer by each channel which allows knowing the Forecast that will have in each innovation product and its impact in the effective.

### 3.5.4.4 Criteria

The sheet of criteria encompasses general information of the project worked by the marketing and sales team in order to analyze some aspects of the project such as: Name, properties (code, weight, brand, price), initial investment by each channel, possible delays of it.

Criteria of Sales				
Project Name:				
Summary of the Project				
Project Properties		Sku 1		
	Weight			
	Brand			
	Product Code			
	Cannibalization			
	Price			
	Competitors Price			
	Demand for Trade			
	Date Sell In:	Initial plan	Delay 1	Delay 2
	TT			
		<b>Comments</b>		
		Delay 1		
		Delay 2		
		Others		
Project Investment			Golden	
			Silver	
			Cooper	

**Figure 59.** Criteria of Sales

**Note:** Courtesies from the authors

### 3.5.4.5 Basic Information

Basic Information sheet contains more specific data about the project that focuses on more details about the product that is developed to have an integrated vision of the innovation. This part must contain verified information obtained by team meetings of product categories referring of weight, price, and units of packaging because the forecast will be developed in function of these variables.

**Table 27.** Basic information table structure

<u>New Item</u>	<u>Case Pack</u> (qty per case)	<u>VOLUME</u> per Kg / case	<u>Promo Family Code</u>	<u>Product Code</u>
Top Sirloin	1,00	Kilos	12345	98765
xxx	1,00			
xx1	1,00			
xx2	1,00			
<b>Responsibility:</b>				
<b>Brand</b>	<b>Help: SCP</b>		<b>Help: SCP</b>	<b>Help: SCP</b>

**Note:** Courtesies from the authors

### 3.5.4.6 Volume of Sales and Numeric Distribution

Numerical Distribution allows visualizing the coverage of the product in a specific trade channel in order to know the percentage it represents on the whole market segment. This sheet takes information from a manual sheet that will be feed by the typing table DN. The sheet DN should be filled by the team of Trade, considering the number of point of sales that the company could obtain.

**Table 28.** *Numeric Distribution table structure*

Periodical Monthly Average	Point of Sales	Top Sirloin	xxx	xx1
		Numeric Distribution		
Trade Channel	Neighbors	Coverage Number 1	Coverage Number 2	Coverage Number 3
Valle Alto	451			
Vía al Sol	281			
Terranostra	394			
Arcadia	84			
Punta Esmeralda	167			
Portofino	94			
Belohorizonte	539			
Casa Club	49			
PortoVita	49			
Portal al Sol	276			
Torres del salado	68			
Bosques de la Costa	68			
Puerto Azul	1528			
<b>Total Market</b>	<b>4048</b>			

**Note:** Courtesies from the authors

Volume is composed by 5 big segments or titles in which it provides the following information:

#### a) Pipeline:

It shows the quantity of boxes with which will available to different points of sales and percentage of market coverage filled by each point of sales total number of boxes that will be purchase for the first time by each client.

**Table 29.** *Pipeline table structure*

PIPELINE	Neighbors												
Item	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13
Top sirloin	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
xxx	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
xx1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
xx2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

<u>Take Distribution</u>	<u>Neighbors</u>												
<u>Item</u>	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13
Top sirloin	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
xxx	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
xx1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
xx2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

**Note:** Courtesies from the authors

**b) Turn(Repurchase):**

Weekly units which will be purchase once again after the first acquisition, percentage of Coverage of repurchase by each point of sales and quantity of boxes with which will make the repurchase by active point.

**c) Phasing:**

Settlement of percentages by month in order to determine the split of purchase and turnover of units that will be introduced by each client. For example:

Filled → Julio (40%) /August (60%) according to forecast.

**Table 30.** *Phasing table structure*

<u>PHASING</u>	<u>Project Year</u>	<u>jul-17</u>	<u>01/Aug/2017</u>
<i>Responsibility: Brand</i>			
# of Weeks in Month	52,00	4,33	4,33
Seasonality	12,00	1,00	1,00
<i>Help: Core Analytics</i>			
<u>Pipeline phasing (%)</u>	<u>Project Year</u>	<u>jul-17</u>	<u>01/Aug/2017</u>
Top Sirloin	100%	60%	40%
xxx	0%		
xx1	0%		
xx2	0%		
<u>PHASING</u>	<u>Project Year</u>	<u>jul-17</u>	<u>01/Aug/2017</u>
<i>Responsibility: Brand</i>			
# of Weeks in Month	52,00	4,33	4,33
Seasonality	12,00	1,00	1,00
<i>Help: Core Analytics</i>			
<u>Turn build up</u>	<u>Project Year</u>	<u>jul-17</u>	<u>01/Aug/2017</u>
Top Sirloin	100%	60%	40%
xxx	0%		
xx1	0%		
xx2	0%		

**Note:** Courtesies from the authors

**d) Inventory Variance:**

Quantity of monthly variation that can have an item according to the demand.

**e) Introductory promotional Impacts:**

Quantity of units that are engaged in promotional activities.

**Table 31.** *Promotional Impacts table structure*

Introductory Promotional Impacts			
	Project Year	jul-17	ago-17
<b>Promotional Activity (CASES)</b>			
Top Sirloin		-	
xxx		-	
xx1		-	
xx2		-	

**Note:** Courtesies from the authors

**3.5.4.7 Forecast One**

It is one of the most important sheets to determine the forecast of the trade channel. It represents the total forecast quantity of units taking in consideration the units of variation of inventory and the promotional quantities.

**Table 32.** *Forecast One table structure*

Forecast Cases						
Description						
Weight						
Price		jul-17		Aug-17		
Total Innovation	Code product	Project Year	Quantity	Project Month	Quantity	Project Month
<b>Top Sirloin</b>						
xxx						
xx1						
xx2						

**Note:** Courtesies from the authors

**3.5.5 Second and Third level of the SCOR model**

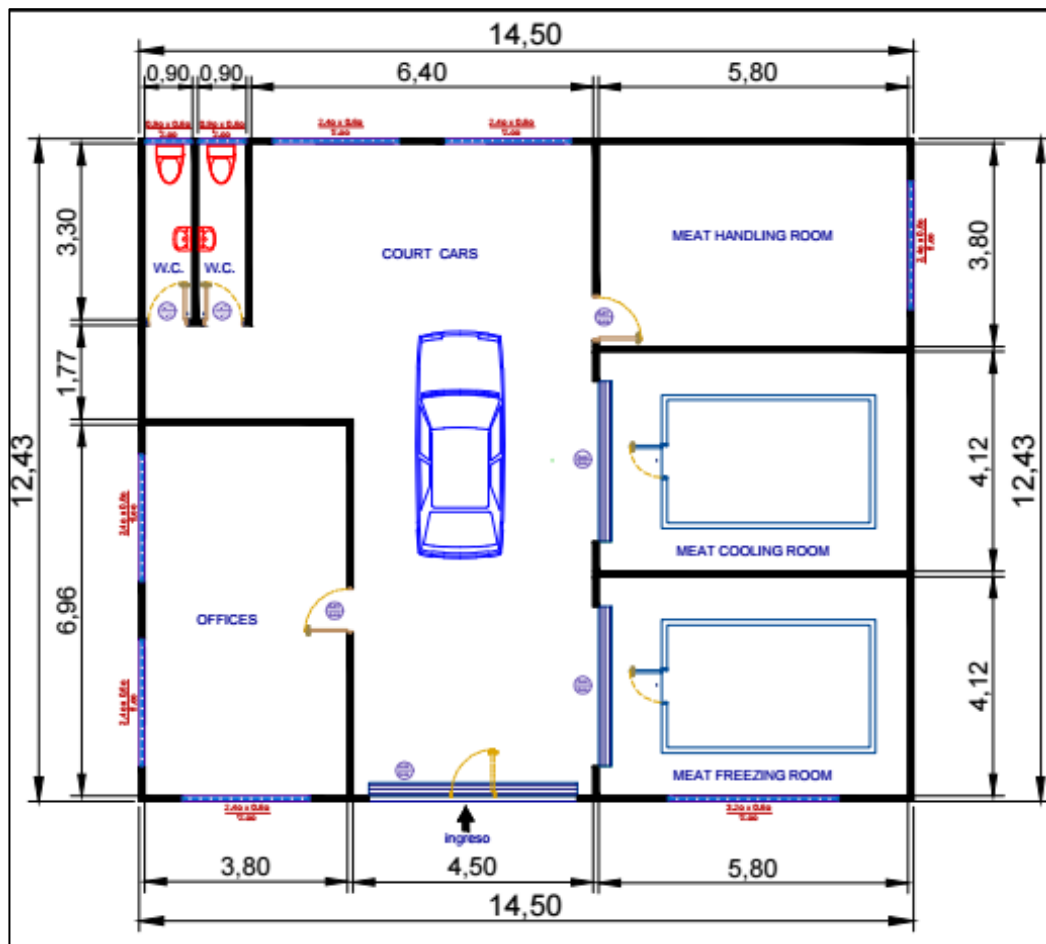
The second phase of the SCOR model consists on the configuration level which embraces specific modifications and improvements of internal areas that make up the business activity. The first level seen before was about comprising all the actions to create a big global vision of the enterprise so that could be easy to achieve a commercial goal target. This success requires the participation of all the departments involves in the operation.



For that reason, the configuration levels attempt to the amelioration of every single department of SuCarne company such as: Procurement, Administrative, Sales, Distribution, operation, and Logistics. As well as improvements in the technical aspects that the company needs.

### 3.5.5.1 Description of technical modifications to the company

Is considered as the technical part of the structure and physical distribution of each area within the company which aims to seek synergy between departments to get a process of the activities, causing the reduction of time to pass the operational processes from one area to another, as well as facilitates communication between them. Therefore, all kinds of modifications that the company pretends to do, should consider the comfort and welfare of the employee and improve processes.



**Figure 60.** Architectural plan of new proposal plant structure

**Note:** Courtesies from the authors

It has been considered that within the company are going to carry out renewals in the technical part according to the GPM recommendation to carry proper processes affecting as little as possible to the product. Those

renewals are based on a structure of processes in **U** form, which allows obtaining an optimum efficiency both to the consecutive activities that are done between several departments as the space that is used within the company. Therefore, according to the architectural design of the company presented in chapter 2, it showed an inefficiency in the use of the space which difficult the input and the output of truck due to the area dimensions, causing that the activities after the reception of raw material are slow.

That is why, as part of the improvements in the supply chain also include improvements within the company as is the technical part which begins with the meat handling area that requires ceramic installation on the walls, building a grid steps for evacuating the water, and change the other ceiling that maintains the proper temperature in place. Then will be built rooms that encompass each refrigeration chamber that the company has, because these were previously without any protection in the yard of the company. In addition, these rooms will have roll-up doors allowing easy access to the room.

Subsequently, this project proposes to demolish the administrative offices area and to build a larger area exclusively for the administrative and sales area, causing a greater of information and communication speed between these different departments. To finally obtain a larger space in which the truck can enter through a central door that will also be built, and be able to have a greater ease at the time of leaving as shown in **Figure 60**.

#### **3.5.5.2 Procurement Department**

Procurement is to take up management activities such as sourcing, purchasing and post sales in order to obtain and interaction with external actors and resources that could enhance the provisioning of materials, objects, products and services that will be used by the company within its production processes. Indeed, the correct selection of this instruments must be accompanied by a search of the supply market that could accomplished the strategic goals imposed by the organization. This department embraces 3 other sciences and management as Planning-Forecast, Purchasing and Inventory Management.

- **Personnel**

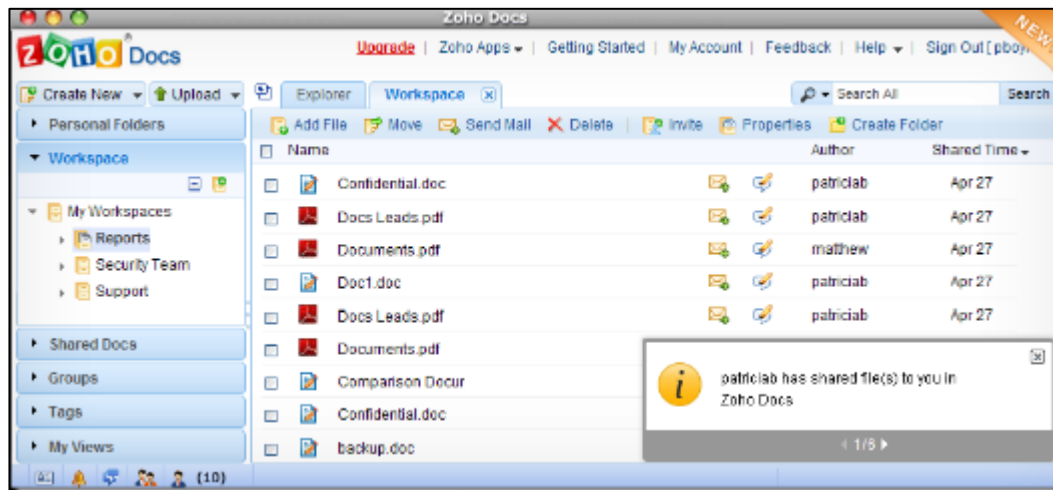
As the company is reopened its operations after 6 months of temporary suspension, it has been decided to employ only one person as Procurement manager that will oversee three main functions such a strategy and planning, sourcing and inventory management. SuCarne Inc. before only has one person that was the administrative coordinator in charge of several activities including this one.

- **Software**

The Software that will be managed for this operation is called ZOHO customer relationship management (CRM). “ZOHO CRM is the name of an on-demand, a SaaS-based software solution designed to manage sales, marketing, contacts, customer support and other business functions” (Beal, 2015). Likewise, SaaS means software as a service that is a distribution model to give an information technology support to company that are small and medium size, does not count with the amount of money to have an enterprise resource planning ERP or that maybe would like to simplify procedures to make a tracking on best clients as the case of Amazon, benchmark, Southern cross protection and Selecta, (Zoho Corporation, 2017).

ZOHO could be used in many another department such as Logistics, Human Resources, sales, post sales, and distribution. On the other hand, the main features are: Multichannel Communication, Sales Performance, Sales Productivity, Extend and customize, Automation, Enterprise Readiness (Zoho Corporation, 2017). It is important to mention that SuCarne Inc. did not have any informatic tool to save the business data rather than excel sheets

Below there is a graphic of ZOHO environment as it is friendly to work on:



**Figure 61.** ZOHOO system  
**Taken from:** (Zoho Corporation, 2017)

- **Politics**

The procurement department will be governed by seven core points in every negotiation with an external and internal supplier that must be evaluating every single time in order to obtain an effective procurement process. For example, “Reduce cost, reduce Risk, improve quality, Measure time of reception, innovation, add value the operation, completeness of the order and Work with certified suppliers” according to (Kicks, 2009).The procurement commitment will be divided into three main areas as: Pre-contract activity, Contract Administration, and Post-contract activity in order to use the templates which are the pre-contract activities encompass demand planning, analysis and sourcing. The contract administration evolves the signature of the contract, risk management, and supplier relationship. To conclude process with the Post-contract activity it is about inventory management and a long-term relationship with external entities.

**Table 33.** Procurement stage table

<b>Pre-Purchasing</b>	Strategy and planning Requirements definition Sourcing
<b>Purchasing</b>	Solicitation of product and service Management of submissions Evaluation of products Review and award
<b>Post-Purchasing</b>	Contract close up and long term relationship Logistics Contract Management

**Note:** Courtesies from the authors

The steps that must be followed to close the circle of the sourcing operation.

- Inventory replenishment according to demand planning.
- Decide to make or buy the product or service needed.
- Update the list of monthly requirements that the company will need to develop their activities.
- Have a list of certified suppliers and create a template of the product or service required.
- Receive the documents of participation of the suppliers that are interested in providing the service or product.
- Coordinate the evaluation of every single template of evaluation.
- Choose the best suppliers for the sourcing operation.
- Track the sourcing as the product or service arrive at the company.

The templates that the procurement department will use are the following:

- Purchase Order Response.
- It is a document that the company *Unilever Andina* uses in order to evaluate the suppliers that offer them a product.
- Supplier Self-Assessment.
- It is a template to evaluate the information of Suppliers.
- Request for Quote.
- It is a format in order that suppliers could present to the company all their portfolio.
- Purchase Order template.
- This template serves to create the purchase order to suppliers.

### **3.5.5.3 SuCarne Demand Planning into Procurement Process**

The CEO of SuCarne joins to sales, operation, administrative and procurement departments will decide the growth rate of sales in order to forecast the replenishment of inventory and the sourcing activity. This estimation of sales will be measure 2 to weeks for the first year and 1 a month for the next year so that trying to find a tendency of sales.

There is a formula that enhances the demand forecast as it is the based on historical data to predict sales kilos in the next month.

To develop this formula there should be following these several steps as:

- Collect historical commercial data

- Estimate sales growth monthly rate
- Usage of a statistical tool SPSS
- Adjust the forecast according to the result obtained
- Determine a number of daily sales
- Determine the error deviation

$$MAD = \frac{\sum_{t=1}^n |A_t - F_t|}{n}$$

**Table 34.** Example of MAD Calculation

Period	At	Ft	Error Abs.	∑ Error Abs.	MAD	Error Nor.	∑ Error Nor.	TS
Jan	200							
Feb	230							
Mar	260							
Apr	180	230	50	50	50,00	-50	-50	-1,00
May	270	223	47	97	48,50	47	-3	-0,06
Jun	240	237	3	100	33,33	3	0	0,00
Jul	250	230	20	120	30,00	20	20	0,67
Aug	300	253	47	167	33,40	47	67	2,01
Sep	320	263	57	224	37,33	57	124	3,32
Oct	350	290	60	284	40,57	60	184	<b>4,54</b>
Nov	240	323	83	367	45,88	-83	101	2,20
Dec	210	303	93	460	51,11	-93	8	0,16

**Note:** Courtesies from the authors

SuCarne nowadays counts with a database of 7 suppliers for our raw material that in this case are the different cuts of beef, poultry, and pork. It has been made a diversification of suppliers due it only had 3 at the beginning its operation. Digeca is the main supplier of beef and pork because it is a relative of the family and offers big cow cut instead of specific ones. To selected providers, it has been recommended to follow the 7 seven core politics mentioned before.

**Table 35.** Suppliers Proposal Table

Suppliers	SuCarne products			
	MEAT CUTS FOR GRILL			
	Beef	Pork	Poultry	Sausages
Supplier 1	Digeca	Digeca	Pronaca	Rossy
Supplier 2	Rossy	Rossy	Liris	Orellana
Supplier 3	Faina		Faina	Pronaca
Supplier 4	Maranatha			

**Note:** Courtesies from the authors

#### **3.5.5.4 Purchasing**

This action will be developed by the manager of procurement because it is the only one who is in charge of the inventory management and the demand monthly forecast. SuCarne must manage pre-sales in order to verify that the company counts with the sufficient inventory to sell the next day according to the budget fixed.

Steps to purchase a product or service required

- 1.-Required product template from sales
- 2.-Verify the availability I warehousing
- 3.-Send the purchase order to the inventory method Quantity Optimization
- 4.-Verify order
- 5.-Research and Contact providers
- 6.-Evaluate suppliers with the Supplier Self-Assessment template
- 7- Make the purchase
- 8.-Match information on KPI Monthly

#### **3.5.5.5 Inventory Management**

The inventory Management will be done by the system ABC which is the one that classifies the product depending on their utility, cost and effectiveness in the operational process.

The ABC analysis is an inventory categorization system that has the objective of regrouping the product into 3 categories A, B or C using the Pareto Law. The products that belong the A category are most valuable and the last category C are the least valuable. It consists on an inventory optimization in order to have the precise and critical products when needed. The purpose of it is to reduce cost in the supply chain based on 80% of the consumption of products is covered by the 20 % of most important and categorized products. It has some rules to follow as:

**A:** are the most consumed products that make up the 80% of your revenues and as they are a little bit expensive to have in the warehouse they only are ordered by a 10 to 20%.

**B:** are the products that have a moderate consumption which reception and keeping on warehouse does not cause a lot of impact as they are not expensive. It covers the 30% of inventory.

**C:** are items the lowest consumed but with a cost per unit that does not increase a lot my financial cost of stand on warehousing. They do not have inventory rotation either. As the **Appendix M** shows.

There is a formula to calculate the percentage of consumption of products that is going to be adapted to the business as it corresponds to Food Consumption:(MONTHLY DEMAND) x (COST PER UNIT PRODUCT)

**Table 36. ABC Inventory Table**

Inventory	A	B	C
<b>Value</b>	High	Medium	Low
<b>Criteria</b>	Stop Production	Slow production	No effects on Production
<b>Time</b>	Considerable	Medium	reduced
<b>warehousing</b>	Little residual value	Medium residual value	Not especially space
<b>Profit</b>	High	Medium	Low

**Note:** Courtesies from the authors

### Formulas to be used Quantity Optimization

**D:** the annual demand quantity

**S:** fixed *flat* cost per order (not a *per unit* cost, but the cost associated to the operation of ordering and shipping).

**H:** the *annual* holding cost.

$$Q^* = \sqrt{\frac{2DS}{H}}$$

The formula of Quantity optimization will help the procurement department to have the safely inventory management for the business operation.

**Table 37. Inventory Cost KPI**

KPI	Inventory
<b>Objective</b>	Variation of inventory total Cost
<b>Formula</b>	(Total Costs No2-total Cost No1) x100 Total Cost No 1
<b>Goal</b>	>=4%
<b>frequency</b>	Monthly
<b>Responsible</b>	Purchasing

**Note:** Courtesies from the authors

This KPI serves to measure the inventory the company have available to dispatch their order and have inventory on hand.

**Table 38. Available of Inventory KPI**

KPI	Variables
<b>Objective</b>	Available of inventory



KPI	Variables
<b>Formula</b>	(Orders with lacks of products) X100
<b>Goal</b>	Total Orders
<b>frequency</b>	>=4%
<b>Responsible</b>	Monthly Purchasing

**Note:** Courtesies from the authors

This KPI will be used to control the sales variation that must be according to the project and the market growth.

**Table 39. Sales KPI**

KPI	Variables
<b>Objective</b>	Measure Sales Growth variation
<b>Formula</b>	(Sales No2-Sales No1) Total Sales No 1
<b>Goal</b>	>=4%
<b>frequency</b>	Monthly
<b>Responsible</b>	Commercial Area

**Note:** Courtesies from the authors

Accomplishment of Forecast KPI is to known how aligns, is the company within the promotional activities, sales and marketing channels.

**Table 40. Accomplishment of Forecast KPI**

KPI	Variables
<b>Objective</b>	Accomplishment of forecast
<b>Formula</b>	1 - (Kilos sales monthly) Forecast KILOS
<b>Goal</b>	>=4%
<b>frequency</b>	Monthly
<b>Responsible</b>	Commercial Area

**Note:** Courtesies from the authors

### Inventory Procedure

- Classify inventory by the ABC system
- Define the annual cost of inventory
- Define the unit cost of order a product
- Define the optimal quantity to order
- Determine the security stock
- Calculate the annual cost of inventory

**Table 41. Purchase Cost KPI**

KPI	Purchasing
<b>Objective</b>	Impact of cost on weight sales
<b>Formula</b>	(Total purchasing raw supplies) X100 total weight sales

<b>Goal</b>	>=4%
<b>frequency</b>	Monthly
<b>Responsible</b>	Purchasing

**Note:** Courtesies from the authors

ABC system allows the company to classify the type of product that could be bought and warehoused in the company's facility.

**Table 42. ABC System KPI**

<b>KPI</b>	<b>Purchasing</b>
<b>Objective</b>	QOPT and ABC
<b>Formula</b>	(# orders QOPT) X100 Total orders abc system
<b>Goal</b>	>=4%
<b>frequency</b>	Monthly
<b>Responsible</b>	Purchasing

**Note:** Courtesies from the authors

The Purchase order KPI is an indicator that measure the level of accomplishment that have suppliers on respect of the orders emitted.

**Table 43. Purchase Order KPI**

<b>KPI</b>	<b>Purchasing</b>
<b>Objective</b>	Response to purchase orders
<b>Formula</b>	(Incomplete orders) + (Not specify materials on PO) Total Orders
<b>Goal</b>	>=4%
<b>frequency</b>	Monthly
<b>Responsible</b>	Purchasing

**Note:** Courtesies from the authors

### 3.5.5.6 Administrative Department

For this implementation, has been assigned that the administrative department also carries basic principles of human resources department such as verify that employees know the new mission and vision of the company and what is the new addressing that the company has. Also of the creation and execution of the internal policies for each department which are based mainly on the satisfaction of the employee and the quality of the product. Concentrating its energy in activities more specific like carrying the financial register by the new system of the company called ZOHO and evaluating departmental indicators to check efficiency. And leave additional activities that are handled by an outsourcing.

This concept allows outsource activities that are not strategic at the moment and can be carried out by someone specializing in it, and in this manner

concentrate the efforts and skills of people in key business activities. For this reason, the accounting of the company is carried out by an external accountant who provides his professional services at a more affordable price than owning an accounting staff within the company.

Moreover, this department is responsible for conducting organizational strategic planning and to carry out this function, it does through the norms of ISO 9001 of the year 2015 which focus on 3 main criteria: plan, do and check; taking into account the processes to improve the organization and that allows to simplify by means of a plan as shown in the following figure which takes into the organizational management variables regarding activities requiring greater control and addressing its objectives. Therefore, these planning improvements are made through factors that the company has not previously considered.

<b>Process approach</b>	<b>What to do?</b>	<b>Activity to execute</b>
<b>PLAN</b>		
<b>Define the current situation of SuCarne Inc.</b>	Define a new product line within the meat industry, due to the company's current capacity and their position within the supply chain.	Establishment of a mission, and organizational vision. And make testing with a value-added meat product.
<b>Define goals, objectives and policies organizational</b>	Develop strategies to position a product differentiator in a niche marker where exist the need of delivery at home.	Creation of a distribution medium for a company such as the e-tailing model.
<b>Define the processes and activities of the organization</b>	Determine the key processes of the company.	Flow of processes by departments, Policies and standards for product care.
<b>Determine the responsibilities of each department</b>	Restructure the hierarchical functions of staff.	The proposal for a new organizational chart, and establishment the function.
<b>Define measurable</b>	Determine the measurement indicators based on the	Define indicators of effectiveness and

<b>parameters according to organizational needs</b>	SCOR model that allow to be comparable from year to year for continuous improvement.	efficiency as the percentage of waste, such as growth in sales through an internal system called ZOHO
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**Figure 62.** Process approach on the planning side of SuCarne Inc.

**Taken from:** (ISO, 2015)

**Note:** Courtesies from the authors

The table above describes the criteria for setting up an organizational plan according to the ISO 9001 standards. For example, are the factor as organizational situation, objectives and policies organizational, several process and activities of the organization, responsibilities of each department and the main indicators. This, in turn, should be established how to make such criteria and that specific activity allow to develop them.

<b>Process approach</b>	<b>What to do?</b>	<b>Activity to execute</b>
<b>Do</b>		
<b>Define the implementation</b>	The implementations will be made according to the three levels of the SCOR model.	Modifications to the company infrastructure, new personnel, Supplier diversification.
<b>Determine the resources to be used</b>	Is based on the most efficient activities that the company had, which one of them was the loss of information.	Outsourcing of delivering, and for the accounting; internal system (ZOHO), and a web site to contact the customer.
<b>Check</b>		
<b>Verification of activities and objectives</b>	Verify through formats if employees are fulfilling daily goals.	For example, ABC system to keep track of inventory.

**Figure 63.** Process approach in the action and verification side of SuCarne

**Taken from** (ISO, 2015)

**Note:** Courtesies from the authors

Also after setting up a schedule must define the implementations that the organization requires. In this case, it is recommended to be based on a

model such as SCOR model develop the improvements in 3 levels from the macro environment to organization, include the form of contact with the client. Finally, each stage of develops the verification process of the results are evaluated through of systems or KPIs as ABC system for inventory management.

### 3.5.5.7 Area of meat handling operations

In this area are carried out the processes of washing, filleting, weighing, packing and labeling of the meat. Hence it requires a coordination with the sales area about a daily planning of the meat steaks that will be made in a working day. Therefore, when starting the working of day, this department must have a pacification of what to make, in this manner preventing uncontrolled waste production and inventory as well as maintenance costs. Additionally, this area implements all the quality standards that are required for the manipulation of meat as well as GPM, ISO, technical modifications and sanitation standard operating procedures (SSOPs). This SSOPs are standards that allow minimizing the contamination in Pre-operational and Operational stages. Taking into account sanitation guidelines for the minimum freezing of the meat in refrigerated chambers and separating the products of others. As well as the hygiene of the personnel at the time of the manipulation of the meat.

Characteristics and activities of SSPs	
<b>First activity</b>	Development of a written SSOP program by the establishment that describes the procedures involved and the frequency of application.
<b>Second activity</b>	Identification of establishment personnel responsible for implementing and monitoring SSOPs
<b>Third activity</b>	Documentation of monitoring and any corrective and/or preventative actions taken, which is made available to the competent authority for purposes of verification.
<b>Fourth activity</b>	Corrective actions that include appropriate disposition of product.

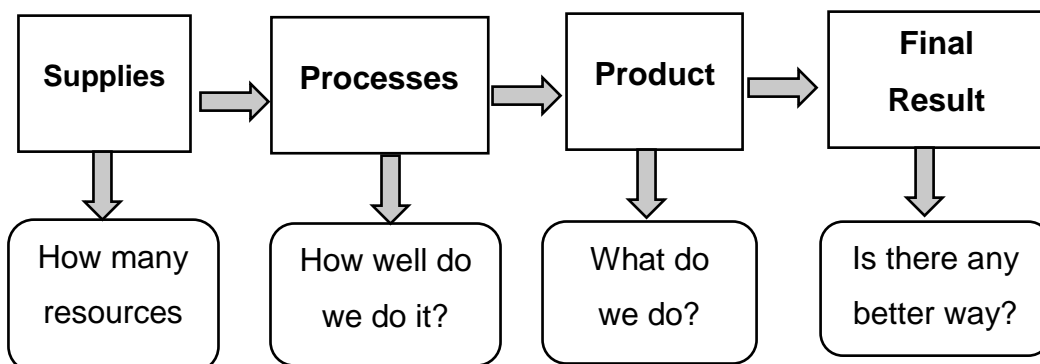
Characteristics and activities of SSPs	
<b>Fifth activity</b>	Periodic evaluation of the effectiveness of the system by the establishment operator.

**Figure 64.** Principals Characteristics of SSPs

**Taken from** FAO. (2013). <http://www.fao.org>. Retrieved from CODE OF HYGIENIC PRACTICE FOR MEAT: [http://www.fao.org/fao-who-codexalimentarius/shproxy/ru/?Ink=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252FStandards%252FCAC%2BRCP%2B58-2005%252FCXP\\_058e.pdf](http://www.fao.org/fao-who-codexalimentarius/shproxy/ru/?Ink=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252FStandards%252FCAC%2BRCP%2B58-2005%252FCXP_058e.pdf)

**Note:** Courtesies from the authors

On the other hand, for the evaluation of KPIs in this area will be done through the percentage of waste and costs that this department has both weekly and monthly. Likewise, these indicators can be obtained for each stage of the process of the department which describes a flow chart of area processes. As **appendix K** and **appendix L** show.



**Figure 65.** Assessment processes for Meat Handling Area

**Note:** Courtesies from the authors

This figure shows the 4 activities that can be evaluated indicators within this department, which is composed of the resources that are used to manufacture the product. This, in turn, takes into account the amount of waste in its process. Then the production efficiency is evaluated takes as a reference to the installed capacity. And finally, evaluate the results by comparing them with a previous process.

### 3.6 Distribution Channel

The differences between supply chain and distribution channel are that the supply chain is all the activities related among themselves for the transformation of a good, from the raw material to the final consumer. And the distribution channel is the means by which products move from the factory to the consumer or end user. The purpose of a distribution is to get

the product to the consumer by some means through a business strategy. This, in turn, can increase the value of the product making it attractive to the customer.

Likewise obtaining advantages such as reduction of costs and delivery time, the accessible means by which the customer can acquire the product, continuous interaction with the customer to know their needs and position the business brand through an innovative method that delivers the product to the customer efficiently. Nevertheless, one must consider the distribution the type of strategy to execute, that goes according to as much to the segment of the market as to the model of the business.

Distribution strategies are divided in selective distribution, intensive distribution, and exclusive distribution. In which intend to do direct sales but in sometimes is intervened by intermediaries that affect both the price as the control of the distribution chain respect to its consumer. Consequently, intensive distribution intends to perform a massive distribution of the product without the necessity of positioning a brand but selling high volumes of the article. On the other hand, selective distribution has several intermediaries that help to promote the product with the consumer, because the customer does not feel that it is a product that cannot live without it.

And finally, exclusive distribution “this distribution system led to manufacturers that control the retail sector. Thus, manufacturers can better determine the retail price and control how to propaganda about it” (Saremi & Mosavi Zadeh, 2014, p. 453). That is to say, that it owns few or almost nothing of intermediaries for its distribution that looks for a segment of the exclusive market to which loyalty its brand.

### **3.6.1 Types of distribution channels**

There are two types of channels, channels for consumer products and channels for industrial products, which in turn are divided into direct and indirect; That is, direct channels for both consumer and business products, are items that are distributed directly from the factory to the final. On the contrary, the indirect channels are those that contain intermediaries in their distribution process. Depending on the number of intermediaries that

exist, it can be categorized by levels; For example, level zero belongs to the direct distribution channel from the factory to the final customer.

In the same way, increases the levels for each actor that exist in each one of them. These intermediaries can be retailers, wholesalers, agents, importers and government departments. That is, everything depends on Market integration which is divided in Horizontal, Vertical which is categorized in backward, forward and balanced.

Hence market integration vertical forward, in which it is a type of strategy that is used within the supply chain to acquire or enter a channel of distribution of greater proximity to the final consumer in order to achieve a greater degree of control and efficiency. Therefore, this forward integration results in the company having a competitive advantage of differentiation, allowing to innovate the product through an added value, and in turn acquires a greater knowledge on the behavior of the consumer as a feedback for arming strategies of marketing and prepare both the company and the product to the future changes that can suffer the market due to the tastes and preference of the consumer.

It is for this reason that SuCarne Inc. prefers to skip an actor forward within its supply chain in order to increase its bargaining power, greater price control which represents a greater degree of profit margin, to differentiate itself from the traditional business model of the Market of meat sales through an adaptation of the e-tailing model for its distribution channel within its business model which with the supplier will remain B2B and with the customer will be a B2C due to the trend that the future of the Businesses are in the e-commerce or in turn adapt parts of this concept within the areas of each company.

### **3.6.2 E-tailing Business model**

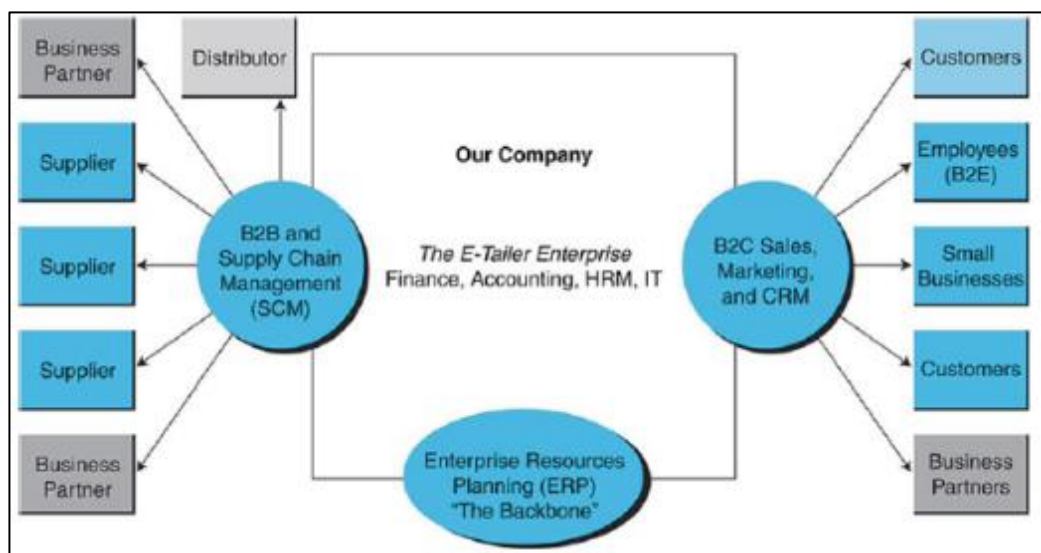
“With traditional retailing, customers go to a physical store and purchase items that they then take home. With e-tailing, customers want the goods quickly and to have them shipped to their homes” (Turban, King, Jae Kyu, Ting-Peng, & Turban, 2015, p. 561)

One of the advantages of e-tailing is that the process is faster allowing to reduce costs of inventory maintenance and storage because there is a



more fluid interaction with the customer so the company only acquires the necessary by performing a process of just in time and basing its projections on sales of the final customer, without handling high inventory volume costs. For example, as part of the improvement proposal at SuCarne Inc., the implementation of e-tailing has been determined as part of the company's distribution channel.

Therefore, “maintaining an inventory of items becomes critical. Maintaining inventory and shipping products costs money and takes time” (Turban, King, Jae Kyu, Ting-Peng, & Turban, 2015, p. 562). Also for greater efficiency and reduction of costs will be implemented outsourcing delivery through a company specialized in deliveries in order to diversify in high logistics costs, delivery costs and maintenance of vehicles that the organization would assume if it acquired a staff Exclusive for deliveries and own motor vehicles.



**Figure 66.** E-Tailing Business Models

**Taken from** (Turban, King, Jae Kyu, Ting-Peng, & Turban, 2015)

In the first part of **Figure 66** structure represent the B2B model that the organization has with their suppliers, business strategies partners and distributors with the purpose to optimize relationships between the organization and business strategies partners, as well as reduce time and costs into the process of each stage. The second part shows as the central part of organization model through its internal operation as production, finance, human resources department, accounting, sell, purchase and logistic. And how these areas integrate of internal operations with the differences distribution channel to increase its productivity. Likewise, as last

part it indicates the B2C model which is the direct connection between the company and the consumer; in other words, is a customer-facing application with the purpose to optimize business relationship with final customers, increase service effectiveness and sales.

### **3.6.3 Logistics Department**

Logistic is considered to be the end to end the chain of supply management as it involves planning, purchasing, the flow of materials and information shared with entities and human resources in a real time. The logistics process consists on the alignment of several areas such as operation, warehousing, processing, packaging and inventory management.

#### **3.6.3.1 Inbound Logistics and Outbound Logistics**

Logistics must be classified in two channels as impound and outbound logistics. The first one refers to the process to the company follows to obtain its raw materials, products or services from external supply market. On the other hand, there is the outbound logistics that emphasizes on the delivery service and the relationship the company will develop with our clients and consumers as they get its products.

“The tasks of the logistics department involve storage, distribution, warehousing, movement of goods from one place to another, tracking and delivery of goods” (Logistic Department, 2010).

Logistics and distribution go closely because logistics embraces all the operational part of the backward activities trying to engage them in a consolidate follow up steps to deliver a product, but distribution is about how this product previously coordinated will reach consumers and clients hands.

#### **3.6.3.2 Push and Pull Type**

Push and Pull Type are strategies used in the management of supply chain. For that reason, with a previous knowledge of each strategy, SuCarne as decided to work with Push type because the process will engage with the demand forecast made by the procurement department. As it could be based on S&OP to forecast sales. The pull type could not be applying because this kind of business should manage secure inventory to respond to any client requirement.

### 3.6.3.3 Personnel

SuCarne has proposed to employ one Logistic and operational managers that will be in charge on the driver, dispatchers, meat processor and packaging process reinforcing all the stages of the supply chain management.

### 3.6.3.4 Software

Zoho will be a software used for logistics area as a consultancy in real time information of the other areas such as procurement because the usage of this online software will help the company to have a cross functional information.



**Figure 67.** Process for Logistic Management

**Note:** Courtesies from the authors

To coordinate the dispatched of Product SuCarne will follow this KPI's.

**Table 44.** KPI of Dispatcher

KPI	Variables
<b>Objective</b>	Dispatched Rate
<b>Formula</b>	Total order products dispatched Total Orders
<b>Goal</b>	>=4%
<b>frequency</b>	Monthly
<b>Responsible</b>	Logistic

**Note:** Courtesies from the authors

**Table 45.** KPI of Customer Case Fill on Time

KPI	Variables
Objective	CCFOT
Formula	Total order delivered-Total product dispatched Total Orders
Goal	>=4%
frequency	Monthly
Responsible	Logistic

**Note:** Courtesies from the authors

On the other hand, the company that will carry out the outsourcing of the delivery service, will be the *Gacela* company, which give a value of \$ 3 additional product price.



**Figure 68.** Gacela Delivery Service

**Note:** Courtesies from the authors

### 3.7 Wide Differentiation Characteristics

Nowadays, *SuCarne* has restructured the business model it had from B2B to B2C. It pretends to reach a new market segment at Via a la Costa through a new distribution channel as e-tailing.

*SuCarne* will develop a specific strategy to oust and its features and capacity converting themselves in grill experts offering several kinds of beef, poultry, pork cuts essentials for a barbecue time. On the other hand, in the meat industry creating value is about innovate and not distributing meat at its raw state.

Before the enterprise offered all kind of commercial cuts of beef, poultry, pork and sausages trying to use a massive consumption strategy but it was so hard due to big competitors there were at the market such as *Pronaca*, *Fernandez*, *Agropesa* that have a whole control of the industry because the use a Horizontal Market Association with other companies that encompasses their business Activity. Under this background, *SuCarne* is

trying to ameliorate this past figure by concentrating on a specific market segment as *Via a la Costa*.

### **3.8 Niche market differentiation**

Via a la Costa is an interesting market segment due to some geographical limitation it has. Indeed, there are a lot of piazas and supermarket near the zone that has made more comfortable living in that neighborhoods, there will always be a mobilization trouble. For that reason, SuCarne has researched this fact and offer several products to do a grilling time quieter and without any steps in order to commit meat product, charcoal, ingredients that force them to drive far away from their own place.

## Chapter 4: Financial Information

### 4.1 Potential Demand

For the potential demand calculation of the product, are considered the following variables: the total number of families in the market segment to which the product is targeted, consumption frequency per family of each product line, amount of consumption, and percentage of acceptance to the product according to the surveys. In the case of this project, the amount of consumption is expressed in kg which the minimum to sell is 1 kg according to as assessed the question of the survey of how much would be willing to pay for 1 kg of meat steak, with the purpose of obtaining at the same time the sale price variable.

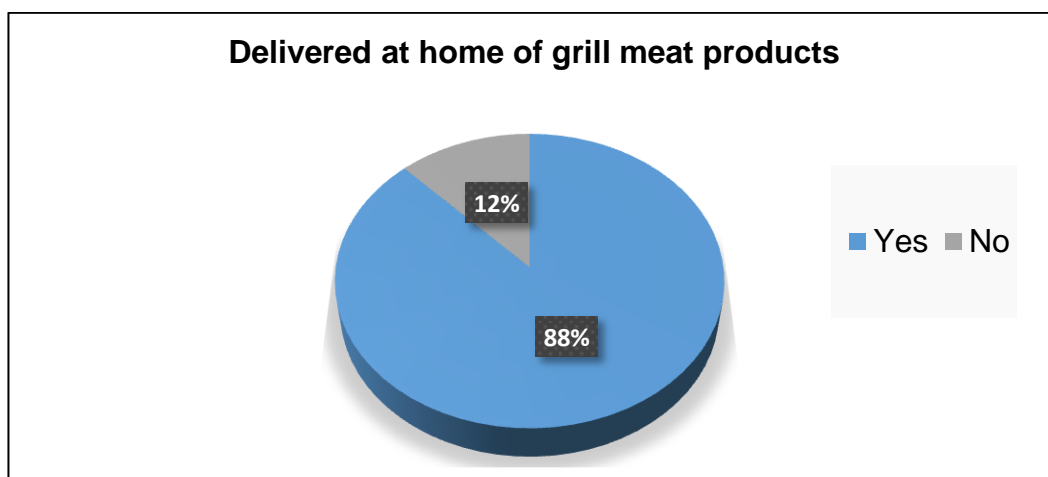
Then, based on the surveys these variables could be extracted it because this is the primary and direct source to know the frequency and preference percentages of the target segment as indicating it in **table 1** which shows the frequency results of meat consumption per family weekly. Resulting in 52% of the families surveyed consume meat 2 to 3 times per week.

**Table 46.** *Weekly Meat Consumption per Family*

Frequency	Weekly meat consumption per family	% Weekly meat consumption per family
Every 2 to 3 days	128	52%
Every 4 to 6 days	73	30%
Everyday	23	9%
Once a week	23	9%
<b>Total</b>	<b>247</b>	<b>100%</b>

**Note:** Courtesies from the authors

In this manner, it evaluates the acceptance of the product through the survey question: would you like meat products for grilling to be delivered at home. Which, given as result that 88% of the families surveyed accept the product with their B2C business model. In other words, the total families that conform the market segmentation of this project are 4048 families, multiplies by 88% of acceptance, resulting in that 3562 families in the niche market which the product is targeted, are willing to buy it, as is represented in the following figure.



**Figure 69.** Percentage of Product Acceptance

**Note:** Courtesies from the authors

Consequently, the following table describes the meat consumption for each product line which is a purchase volume that is 1 kilogram because the survey questions are based on a minimum amount of purchase.

**Table 47.** Demand Variables Table

	Purchase volume (Kg) Weekly (1)	meat frequency consumption Weekly (2)	Quantity (1) X (2) = (3) in kg
Loin	1	2	2
Rib- eye	1	2	2
Short Rib	1	2	2
Porter House (T- Bone)	1	2	2
Meat pulp	1	2	2
Top Sirloin	1	2	2
<b>Total of beef</b>			<b>12</b>
<b>Poultry breast Filet</b>	<b>1</b>	<b>1</b>	<b>1</b>
Pork Rib-chops	1	1	1
Pork Loin	1	1	1
Pork boston butt	1	1	1
<b>Total of Pork</b>			<b>3</b>
Cuencan Sausages	1	1	1
Argentinian Sausages	1	1	1
Brewery Sausages	1	1	1
<b>Total of sausages</b>			<b>3</b>
<b>TOTAL OF MEAT</b>			<b>19</b>

**Note.** Courtesies from the authors

Hence, for the formula of potential demand which is expressed in kilograms of meat maximum that the niche market is willing to acquire, is the following:

**Potential Demand = [(beef steak frequency consumption in Kg per family) X (Total beef steak purchase volume) + (other meat products frequency consumption in kg per family) X (Total other meat purchase volume)] X (Number of families) X (Percentage of product acceptance).**

**Potential Demand = [(2 X6) + (1X7)] X 4048 X 0,88 = 67682,56 Kg of meat per week**

Namely, the maximum purchase quantity in kilograms of meat per week is 67682,56 kilograms per week. Taking into account a consumption frequency of 2 times per week for each beef steak line of 1 kilogram and a consumption frequency of 1 time per week for the others meat product lines of 1 kg because the business focus is mainly the meat steak. Likewise, a population of families in the zone of 4048 and a percentage of acceptance to the product of 88%.

#### **4.1.1 Market Share**

Market share “is defined as the percentage of consumers attached to each competitor over all others” (Lewis , 2014, p. 56). In other words, Is the acceptability that companies have by the consumers in a specific market. Being a project that just started in a new sector has been determined to obtain the percentage of market share using the results of the surveys as a reference. Therefore, it considers the relative frequency of product acceptability by the families surveyed which in this case is 0,88 and in percentage 88% of acceptability for a sample of 251 of which 4 families do not consume meat thus obtaining 247 families that accept the product.

However, it would be almost impossible to say that 88% of the total market will accept the product as soon as the business starts. Therefore that 0.88 of relative frequency would represent 0.88% of market share as a portion of the total population of families that would consume the product. Namely, if the market size is of 4040 families, the market share would be 36 families as the following table shows.

**Table 48. Families Target Number Table**

<b>Total families surveyed</b>	<b>251</b>
Families who do not eat meat	4
<b>Total</b>	<b>247</b>
Number of favorable responses	217



<b>Total families surveyed</b>	<b>251</b>
Relative Frequency	0,88
<b>Market size</b>	<b>4040</b>
<b>Market share</b>	<b>0,88%</b>
<b>Families target</b>	<b>35,55</b>

**Note.** Courtesies from the authors

#### 4.2 Demand Growth Forecast

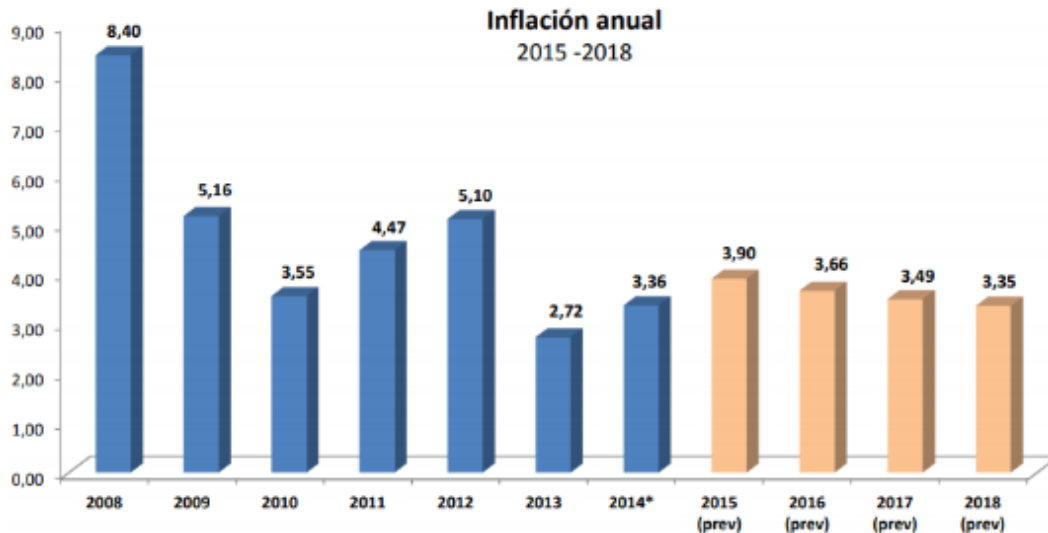
For demand, this investigation considers a pessimistic scenario with the intention of demonstrating the profitability of the project in the worst of scenarios. In where the total quantity to produce annually is 32423,42 kg of meat as the following table indicate.

**Table 49.** Demand Quantity Table

	<b>Quantity per family in Kg</b>	<b>Families target</b>	<b>Total quantity in kg</b>
<b>Total of beef</b>	12	<b>35,55</b>	426,624
<b>Poultry breast</b>	1	<b>35,55</b>	35,552
<b>Filet</b>	3	<b>35,55</b>	106,656
<b>Total of Pork</b>	3	<b>35,55</b>	106,656
<b>Total of sausages</b>	19	<b>35,55</b>	675,488
<b>Total meat weekly</b>	76	<b>35,55</b>	2701,952
<b>Total monthly</b>	912	<b>35,55</b>	32423,424
<b>Total annually</b>			

**Note:** Courtesies from the authors

Then, to analyze the projection of demand, costs and price will be based on statistical barometric forecast method, which takes account as indicators the population growth, inflation and the possible growth of industry or consumption. It was decided to choose this method because the company has no historical sales data to this specific niche market. Therefore, according to the INEC projections for population growth for the next 3 years are 2.98%, 2.01%, and 2.98% until the year 2020 (INEC, 2011). Likewise, in accordance with the central bank of Ecuador, the inflation of the year 2017 is projected to be 3,49% and 3,35% for the year 2018. And for the projection of the following year will be considered as inflation to the inflation average of 2017 and 2018. This indicator is only to project de costs and sales price.



**Figure 70.** Inflation Rates Trends  
**Taken from:** (Ecuador central Bank , 2015)

Finally, according to a national investigation by Polytechnic School of Littoral estimates that world demand for meat products increases at an annual rate of 1.3% between 2007 and 2050, 2.8% for poultry and 1.2% for pork. Besides, this study has considered the variables of per capita income available for consumption, population growth worldwide and changes in the diet and lifestyles of large sectors of the world population that cause a higher consumption of animal protein (ESPOL, 2016). Then, the sum of population growth at the local level and the growth of meat consumption results in the growth of demand for this project, which are 2.31%, 3.3% and 4.3% for meat and sausages; For chicken are 3.81%, 4.81%, and 5.78%, and for pork they are 2.21%, 3.2%, 4.2%.

**Table 50.** Demand Forecast Table

DEMAND FORECAST				
Products	year 1	year 2	year 3	year 4
<b>MEAT STEAKS</b>				
<b>Quantity (in Kg)</b>				
<b><u>BEEF</u></b>				
Loin	663,25	678,57	701,04	731,04
Rib- eye	4.808,59	4.919,67	5.082,51	5.300,04
Short Rib	5.388,93	5.513,42	5.695,91	5.939,70
Porter House (T- Bone)	994,88	1.017,86	1.051,55	1.096,56
Meat pulp	3.647,89	3.732,16	3.855,70	4.020,72
Top Sirloin	4.974,40	5.089,31	5.257,77	5.482,80
<b>TOTAL</b>	<b>20.477,95</b>	<b>20.950,99</b>	<b>21.644,47</b>	<b>22.570,85</b>
<b>Expected growth</b>		<b>2,31%</b>	<b>3,3%</b>	<b>4,3%</b>
<b><u>PORK</u></b>				
Pork Rib-chops	2.047,80	2.093,05	2.160,24	2.250,54

Products	DEMAND FORECAST			
	year 1	year 2	year 3	year 4
<b>MEAT STEAKS</b>				
<b>Quantity (in Kg)</b>				
Pork Loin	1.791,82	1.831,42	1.890,21	1.969,22
Pork boston butt	1.279,87	1.308,16	1.350,15	1.406,59
<b>TOTAL</b>	<b>5.119,49</b>	<b>5.232,63</b>	<b>5.400,60</b>	<b>5.626,34</b>
<b>Expected growth</b>		<b>2,21%</b>	<b>3,2%</b>	<b>4,2%</b>
<b>POULTRY</b>				
Poultry breast Filet	<b>1.706,50</b>	<b>1.771,51</b>	<b>1.856,72</b>	<b>1.936,19</b>
<b>Expected growth</b>		<b>3,81%</b>	<b>4,81%</b>	<b>5,78%</b>
<b>SAUSAGES</b>				
Cuencan				
Sausages	1.791,8	1.833,2	1.893,9	1.974,9
Argentinian				
Sausages	1.535,8	1.571,3	1.623,3	1.692,8
Brewery				
Sausages	1.791,8	1.833,2	1.893,9	1.974,9
<b>TOTAL</b>	<b>5.119,5</b>	<b>5.237,7</b>	<b>5.411,1</b>	<b>5.642,7</b>
<b>Expected growth</b>		<b>2,31%</b>	<b>3,3%</b>	<b>4,3%</b>
<b>Total</b>	<b>32.423,42</b>	<b>33.192,88</b>	<b>34.312,91</b>	<b>35.776,10</b>

**Note:** Courtesies from the authors

### 4.3 Balance Sheet

In the financial file, there is a balance sheet that is going to reflect all the operations and cash operational inflows obtained at the final of the first year that is the real scenario join to 3 more projection year. The Balance Sheet is an important document because it let the investors know the commercial situation of the company at the end of a particular year, being aware of the assets, possible liabilities acquire at the current year and the stockholder's equity.

SuCarne Balance sheet has been done in the following sequence and is presented below with the following amount demonstrated:

In the part of the assets, there are three accounts such as Cash, Bank, and Inventory depending on the financial process made. The values obtained in Cash are taken from the Sales cost divided by 12 because at the end of the year that the report is made, the invest won't have the total amount calculated at the cash flow. It only represents one month of work on cash. Referring on the bank, the company has the policy to save only 2 work month on their bank accounts to have availability of liquidity when needed. On the other hand, on inventory as the year cycle is closing the company only counts with the last payment of money to cover a month of inventory. It

is important to remember that the inventory is bought each 15 days and been forecasted in the same way. The other part that compounds the fixed assets are all the machinery and properties acquired at the initial investment because each one represents a work equipment to the entity and must be depreciated. The second part is the liabilities are represented by all the disbursement that the company has to make in the last month of the year and also make and the idea of the proportional estimation it has to be made in the next partial. Equity is represented by the given capital and the profit reflected on the cash flow generated. There are no differences between the investment of the assets, liabilities, and equity, therefore the amount is about \$83,283,94 at Su Carne will obtain by the end of 2018.

**Table 51.** *Balance sheet of Assets*

<b>BALANCE SHEET</b>				
<b>Assets</b>	<b>31/Dc/2018</b>	<b>31/Dc/2019</b>	<b>31/Dc/2020</b>	<b>31/Dc/2021</b>
<b><u>CURRENT ASSETS</u></b>				
Cash	5.848,01	8.247,27	8.814,42	11.876,59
Bank	19.493,36	20.618,18	22.036,05	23.753,17
Stock	9.182,85	9.714,49	10.384,44	11.193,47
<b>TOTAL CURRENT ASSETS</b>	<b>34.524,22</b>	<b>38.579,95</b>	<b>41.234,91</b>	<b>46.823,23</b>
<b><u>FIXED ASSETS</u></b>				
<b><u>FIXED ASSET ARTICLES</u></b>				
Office furniture	5.032,60	5.032,60	5.032,60	5.096,73
Depreciation of Office furniture	-503,26	-1.006,52	-1.509,78	-2.013,04
Computer & Communication Equipment	5.096,73	5.096,73	5.096,73	5.096,73
Depreciation of C.& C.E.	-1.681,92	-3.363,84	-5.045,76	-6.727,68
Tools	2.118,20	2.118,20	2.118,20	2.118,20
Depreciation of Tools	-211,82	-423,64	-635,46	-847,28
Vehicle	22.350,00	22.350,00	22.350,00	22.350,00
Depreciation of Vehicle	-4.470,00	-8.940,00	-13.410,00	-17.880,00
Buildings and installations	15.444,18	15.444,18	15.444,18	15.444,18
Depreciation of Buildings and installations	-772,21	-1.544,42	-2.316,63	-3.088,84
Machinery	6.925,58	6.925,58	6.925,58	6.925,58
Depreciation of Machinery	-692,56	-1.385,12	-2.077,67	-2.770,23
<b>NET FIXED ASSETS</b>	<b>48.635,52</b>	<b>40.303,75</b>	<b>31.971,98</b>	<b>23.704,35</b>
<b><u>DIFERED ASSETS</u></b>				
Hosting of web site	99,00	99,00	99,00	99,00
CONSTITUTIONAL EXPENSES	-19,80	-39,60	-59,40	-79,20
<b>TOTAL DIFERED ASSETS</b>	<b>79,20</b>	<b>59,40</b>	<b>39,60</b>	<b>19,80</b>
<b>TOTAL FIXED ASSETS</b>	<b>48.714,72</b>	<b>40.363,15</b>	<b>32.011,58</b>	<b>23.724,15</b>
<b>TOTAL ASSETS</b>	<b>83.238,94</b>	<b>78.943,10</b>	<b>73.246,49</b>	<b>70.547,37</b>

**Note:** Courtesies from the authors

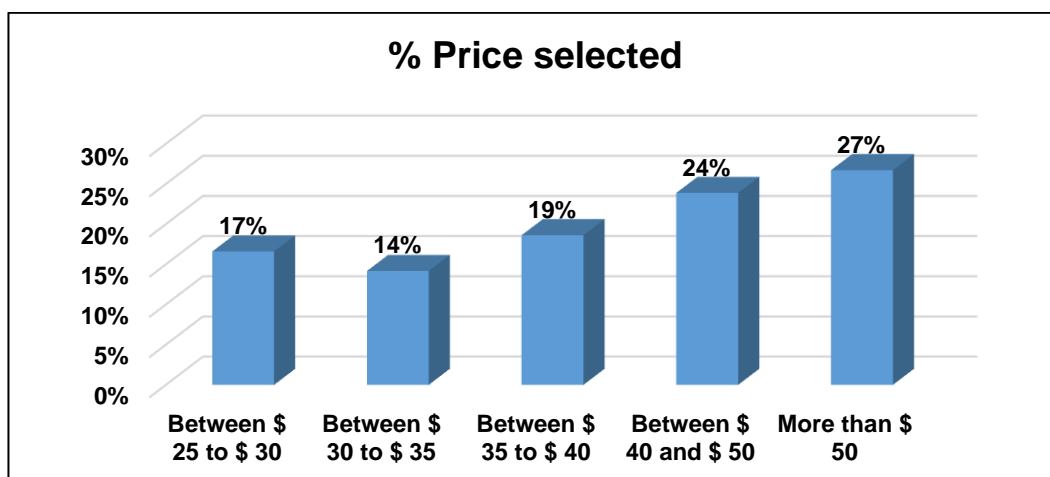
**Table 52. Balance sheet of Liabilities and Stockholders' Equity**

<b>LIABILITIES</b>	<b>31-dic-18</b>	<b>31-dic-19</b>	<b>31-dic-20</b>	<b>31-dic-21</b>
<b><u>CURRENT LIABILITIES</u></b>				
ACCOUNTS BY PAYABLE TO SUPPLIERS	9.182,85	9.714,49	10.384,44	11.193,47
LESS CONTRIBUTIONS TO PAYABLE	953,78	985,73	1.019,44	1.053,90
SOCIAL BENEFITS TO PAYABLE	2.964,19	2.707,18	2.798,70	2.892,24
WORKERS 'PARTICIPATION	13.050,08	14.330,09	16.377,18	18.963,84
INCOME TAX TO PAYABLE	16.269,10	17.864,84	20.416,88	23.641,58
<b>TOTAL CURRENT LIABILITIES</b>	<b>13.100,81</b>	<b>13.407,40</b>	<b>14.202,58</b>	<b>15.139,60</b>
<b><u>LONG-TERM LIABILITIES</u></b>				
BANK LOAN	16.737,72	16.805,53	15.288,52	14.850,67
INTEREST TO PAYABLE	4.982,95	3.982,14	2.465,14	958,66
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>21.720,66</b>	<b>20.787,67</b>	<b>17.753,66</b>	<b>15.809,33</b>
<b>TOTAL LIABILITIES</b>	<b>34.821,48</b>	<b>34.195,07</b>	<b>31.956,24</b>	<b>30.948,93</b>
<b><u>STOCKHOLDERS' EQUITY</u></b>				
SOCIAL CAPITAL	9.263,90	18.590,97	31.096,87	44.221,71
EXERCISE UTILITY	57.681,36	63.338,99	72.387,13	83.820,15
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>48.417,46</b>	<b>44.748,03</b>	<b>41.290,25</b>	<b>39.598,44</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>83.238,94</b>	<b>78.943,10</b>	<b>73.246,49</b>	<b>70.547,37</b>

**Note:** Courtesies from the authors

#### 4.4 Sales Forecast

First, before to evaluate sales forecast its necessary determinate a price for each product line that the company commercializes. For this case, the price has been determined through the results of the surveys indicates a price range for each product, and this range is determined by analyzing the price of competition, the cost of raw material, added value that this quality product offers to a market segment of upper and upper middle class, who are willing to pay more than \$ 50 for a barbecue delivery for 6 people as shows the result of the survey in the figure below.



**Figure 71.** Price Range of What the Consumer has paid for a Barbecue Delivery

**Note:** Courtesies from the authors

Then, the price range for the 6 types of meat steaks are between \$ 16 to \$ 22, between \$ 22 to \$ 26 and between \$ 26 to \$30, of which with the exception of short rib steak, the majority of respondents preferred the price of \$ 16 to \$ 20 for a kg of meat, and for that reason most of the prices set are of \$ 16. In the case of other meat products, it is determined by comparing it with the sector competition without raising the price high because the line of business is focused on beef, as shown in the table below.

**Table 53.** Percentage of Price Acceptance Table

Beef cuts	between \$ 16 to \$ 22	between \$ 22 to \$ 26	between \$ 26 to \$ 30	total	Between \$ 16 to \$ 22	Between \$ 22 to \$ 26	Between \$ 26 to \$ 30	total
Loin	163	68	16	247	66%	28%	6%	100%
Rib- eye	89	158	0	247	36%	64%	0%	100%
Short Rib	149	80	18	247	60%	32%	7%	100%
Porter House (T-Bone)	158	64	25	247	64%	26%	10%	100%
Meat pulp	200	38	9	247	81%	15%	4%	100%
Top Sirloin	162	66	19	247	66%	27%	8%	100%

**Note:** Courtesies from the authors

Therefore, the price for each article is based on the minimum price of the range that the majority of the families surveyed preferred which is \$ 16, and 22 for short rib steak and a un price of \$18 for T-bone and Top sirloin

because these steaks are more expensive in the market. Besides, its projections considered the inflation rate for each year forecast.

**Table 54. Price Forecast Table**

<b>Unit Price per KG (US\$)</b>				
<b><u>BEEF</u></b>	<b>year 1</b>	<b>year 2</b>	<b>year 3</b>	<b>year 4</b>
Loin	\$ 16,00	\$ 16,54	\$ 17,10	\$ 17,68
Rib- eye	\$ 22,00	\$ 22,74	\$ 23,51	\$ 24,31
Short Rib	\$ 16,00	\$ 16,54	\$ 17,10	\$ 17,68
Porter House (T- Bone)	\$ 18,00	\$ 18,60	\$ 19,24	\$ 19,89
Meat pulp	\$ 16,00	\$ 16,54	\$ 17,10	\$ 17,68
Top Sirloin	\$ 18,00	\$ 18,60	\$ 19,24	\$ 19,89
<b>TOTAL</b>	<b>\$ 106,00</b>	<b>\$ 109,55</b>	<b>\$ 113,30</b>	<b>\$ 117,13</b>
<b><u>PORK</u></b>				
Pork Rib-chops	\$ 16,00	\$ 16,54	\$ 17,10	\$ 17,68
Pork Loin	\$ 8,00	\$ 8,27	\$ 8,55	\$ 8,84
Pork Boston butt	\$ 6,90	\$ 7,13	\$ 7,38	\$ 7,62
<b>TOTAL</b>	<b>\$ 30,90</b>	<b>\$ 31,94</b>	<b>\$ 33,03</b>	<b>\$ 34,14</b>
<b><u>POULTRY</u></b>				
Poultry Breast Filet	\$ 8,00	\$ 8,27	\$ 8,55	\$ 8,84
<b><u>SAUSAGES</u></b>				
Cuencan Sausages	\$ 6,00	\$ 6,20	\$ 6,41	\$ 6,63
Argentinian Sausages	\$ 6,00	\$ 6,20	\$ 6,41	\$ 6,63
Brewery Sausages	\$ 5,50	\$ 5,68	\$ 5,88	\$ 6,08
<b>TOTAL</b>	<b>\$ 17,50</b>	<b>\$ 18,09</b>	<b>\$ 18,70</b>	<b>\$ 19,34</b>
<b>inflation</b>		<b>3,35%</b>	<b>3,42%</b>	<b>3,38%</b>
<b>Total</b>	<b>\$ 162,40</b>	<b>\$ 167,84</b>	<b>\$ 173,58</b>	<b>\$ 179,45</b>

**Note:** Courtesies from the authors

Finally, the sales forecast is based on the multiplication of demand forecast for 3 years plus the initial year by price forecast considering the inflation. For this study, has decided to project the income to 3 years because of not having real historical sales information, the data becomes in a perception that authors of this project would like to obtain. In addition to projecting more than 3 years is considered as making a forecast of another forecast from a previous year converting the data much more unreal. In the following table shows the income forecast which is for the first year \$467840,71 annual take account that this estimation of sales takes account the pessimistic scenario.

**Table 55. Income Forecast Table**

<b>Income (US\$)</b>				
<b>MEAT STEAKS</b>				
<b><u>BEEF</u></b>	<b>year 1</b>	<b>year 2</b>	<b>year 3</b>	<b>year 4</b>

Income (US\$)				
MEAT STEAKS				
Loin	\$ 10.612,06	\$ 11.220,91	\$ 11.988,78	\$ 12.924,46
Rib- eye	\$ 105.788,93	\$ 111.858,45	\$ 119.513,15	\$ 128.840,75
Short Rib	\$ 86.222,96	\$ 91.169,90	\$ 97.408,84	\$ 105.011,27
Porter House (T- Bone)	\$ 17.907,84	\$ 18.935,29	\$ 20.231,07	\$ 21.810,03
Meat pulp	\$ 58.366,31	\$ 61.715,01	\$ 65.938,29	\$ 71.084,55
Top Sirloin	\$ 89.539,22	\$ 94.676,43	\$ 101.155,33	\$ 109.050,17
<b>TOTAL Beef</b>	<b>368.437,32</b>	<b>\$ 389.575,99</b>	<b>416.235,46</b>	<b>\$ 448.721,24</b>
<b><u>PORK</u></b>				
Pork Rib-chops	\$ 32.764,72	\$ 34.610,70	\$ 36.943,38	\$ 39.788,50
Pork Loin	\$ 14.334,57	\$ 15.142,18	\$ 16.162,73	\$ 17.407,47
Pork boston butt	\$ 8.831,12	\$ 9.328,67	\$ 9.957,40	\$ 10.724,24
<b>TOTAL Pork</b>	<b>\$ 55.930,41</b>	<b>\$ 59.081,55</b>	<b>\$ 63.063,51</b>	<b>\$ 67.920,21</b>
<b><u>POULTRY</u></b>				
Poultry breast Filet	\$ 13.651,97	\$ 14.646,87	\$ 15.876,41	\$ 17.115,51
<b><u>SAUSAGES</u></b>				
Cuencan Sausages	\$ 10.750,92	\$ 11.367,75	\$ 12.145,66	\$ 13.093,59
Argentinian Sausages	\$ 9.215,08	\$ 9.743,78	\$ 10.410,57	\$ 11.223,08
Brewery Sausages	\$ 9.855,01	\$ 10.420,43	\$ 11.133,53	\$ 12.002,46
<b>TOTAL Sausages</b>	<b>\$ 29.821,02</b>	<b>\$ 31.531,96</b>	<b>\$ 33.689,76</b>	<b>\$ 36.319,13</b>
<b>Total annual</b>	<b>\$467.840,71</b>	<b>\$494.836,37</b>	<b>\$528.865,14</b>	<b>\$570.076,09</b>
<b>Variation</b>		<b>6%</b>	<b>7%</b>	<b>8%</b>
<b>Income per month</b>	<b>\$ 38.986,73</b>	<b>\$ 41.236,36</b>	<b>\$ 44.072,10</b>	<b>\$ 47.506,34</b>
<b>Income per week</b>	<b>\$ 9.746,68</b>	<b>\$ 10.309,09</b>	<b>\$ 11.018,02</b>	<b>\$ 11.876,59</b>

**Note:** Courtesies from the authors

#### 4.6 Break-even point

The break-even point that the project has obtained corresponds to the monthly quantity each month. The replenishment of the inventory is every 15 days, it means twice a month. Likewise, the forecast has to be made on the unity of time and not annually.

**Table** Break- Even Point Formula

<b>P</b>	<b>(Q)</b>	<b>=</b>	<b>C.F. + C. V.</b>
Price(Quantity)		=	Fixed Cost + Variables Cost

**Note:** Courtesies from the authors



**Table 56. Break- Even Point by Product**

Break- Even Point by Product	
Product	Quantity
Beef Loin	1.299
Rib Eye	1.238
Short Rib	818
T-Bone	1.265
Meat Pulp	1.144
Top Sirloin	1.238
Pork-Rib Chops	1.050
Pork Loin	5.453
Pork Boston Butt	3.696
Poultry Breast	4.008
Cuencan Sausages	5.514
Argentinian Sausages	5.514
Brewery Sausages	4.141
<b>Total</b>	<b>36.379</b>

**Note:** Courtesias from the authors

#### 4.7. Financing

The financing part is done by all the new assets that the company wanted to obtain in this case is compound by fixed assets and the working capital obtained by the Direct labor, raw material, and total fixed cost. The total amount invested by the company is \$120.409,17 which is going to be financed by two entities. The 57% will be assumed by the company as \$ 69.115,82 at a 10,25% and the 43% as \$ 51.293,55 will be given by a financial entity. As investors wanted to obtain the credit at a lower cost as possible, the company has chosen the National Financial Corporation with its acronym in Spanish (CFN), because it gives the 11,83% that is acceptable in comparison to other financial entities.

**Table 57. New Investment**

New Investment				
No	Description	Valor total	%	
1	Buildings and installations	\$ 15.444,18	12,83%	<b>13%</b>
2	Machinery	\$ 6.925,58	5,75%	
3	Working equipment	\$ 2.109,30	1,75%	
4	Computer & Communication Equipment	\$ 5.933,73	4,93%	<b>17%</b>
5	Office furniture	\$ 4.195,60	3,48%	
6	Operational Assets	\$ 799,00	0,66%	
7	Vehicle	\$ 22.350,00	18,56%	<b>19%</b>
8	Office Supplies	\$ 8,90	0,01%	
9	Working Capital	\$ 62.642,89	52,03%	<b>52,03%</b>
<b>TOTAL INVESTMENT</b>		<b>\$120.409,17</b>	<b>100,00%</b>	<b>100%</b>

New Investment			
No	Description	Valor total	%
	Sell Old Truck	22350	
	<b>TOTAL INVESTMENT - PURCHASE</b>	<b>\$ 98.059,17</b>	<b>100,00% 100%</b>

**Note:** Courtesies from the authors

**Table 58. Investment Percentage**

			Percentages
Own Capital	Buildings	\$15.444,18	
	Vehicle	\$22.350,00	
	Working Capital 50%	\$31.321,44	
	<b>TOTAL</b>	<b>\$69.115,62</b>	<b>57%</b>
Loan	Fixed Assets	\$19.972,11	
	Working Capital 50%	\$31.321,44	
	<b>TOTAL</b>	<b>\$51.293,55</b>	<b>43%</b>

**Note:** Courtesies from the authors

#### 4.7.1. Financial cost

The financial cost given by CFN is about 11,83% that belongs to the category of Productive and Commercial Companies. This information was looked at the official source of Nacional Financial Corporation. Accomplished the chart below.

TASAS REFERENCIALES		TASAS DE MORA	
TASA EFECTIVA	% ANUAL	DÍAS DE RETRASO	RECARGO POR MOROSIDAD HASTA
TAR DOLARES	4,0000%	HASTA EL DÍA DE PAGO	
TAR DÓLARES	7,7200%	0	0,0000%
TASA BÁSICA	4,8000%	1 - 15	5,0000%
LEGAL	7,7200%	16 - 30	7,0000%
MÁXIMA CONVENCIONAL	8,3300%	31 - 60	8,0000%
PRIME	4,0000%	60 +	10,0000%
TASA EFECTIVA MÁXIMA PRODUCTIVO CORPORATIVO	9,3300%	Fuente: Resolución JPRMF No. 133-2015 M	
TASA EFECTIVA MÁXIMA PRODUCTIVO EMPRESARIAL	10,2100%	<b>INTERMEDIACIÓN BURSÁTIL</b>	
TASA EFECTIVA MÁXIMA PRODUCTIVO PYMES	11,8300%	• 0,10%* (fla sobre el valor efectivo) para títulos mayores a 360 días.	
TASA EFECTIVA MÁXIMA COMERCIAL ORDINARIO	11,0300%	• 0,20%* (anualizado sobre el valor efectivo) para títulos con plazo menores a 360 días.	
TASA EFECTIVA MÁXIMA COMERCIAL PRIORITARIO CORPORATIVO	8,3300%	*Nota: La comisión corresponde por cada operación realizada.	
TASA EFECTIVA MÁXIMA COMERCIAL PRIORITARIO EMPRESARIAL	10,2100%	Estas tarifas no incluyen la comisión de piso vigente de Bolsa de Valores	
TASA EFECTIVA MÁXIMA COMERCIAL PRIORITARIO PYMES	11,8300%		
TASA EFECTIVA MÁXIMA CONSUMO ORDINARIO	17,3000%		
TASA EFECTIVA MÁXIMA CONSUMO PRIORITARIO	17,3000%		
TASA EFECTIVA MÁXIMA EDUCATIVO	8,5000%		
TASA EFECTIVA MÁXIMA INMOBILIARIO	11,3300%		
TASA EFECTIVA MÁXIMA VIVIENDA INTERÉS PÚBLICO	4,0000%		
TASA EFECTIVA MÁXIMA MICROCRÉDITO MINORISTA	30,0000%		
TASA EFECTIVA MÁXIMA MICROCRÉDITO ACUMULACION SIMPLE	27,5000%		
TASA EFECTIVA MÁXIMA MICROCRÉDITO ACUMULACION AMPLIADA	25,5000%		
TASA EFECTIVA MÁXIMA INVERSIÓN PÚBLICA	9,1300%		
LIBOR 30 DÍAS	1,0000%		
LIBOR 90 DÍAS	1,2018%		
LIBOR 180 DÍAS	1,4148%		

**Figure 72. Matrix Interest Rate**  
Taken from: (CFN, 2017)

#### 4.7.2 Loan Amortization table

Once selecting the financial institution that will be the provider of the money to execute the investment of the company. There have been negotiated to apply the German Loan Amortization Method in order to make the money

effective and do the payments and interest part. The German Method has been done due to the beneficial points it carries out as one single disbursement of constant capital that do not let the financial entity to generate interest over the remaining amortization capital amount, instead, it generates over the constant one. Once the capital is paid every period the interest is less. The capital enters a constant amortization of the whole capital that increases the paid capital see the figure below. The loan amortization table has to ends in a \$0 in the initial capital because in this manner it proves that the loan has been completely disbursed by the investors.

As it could be seen the interest each period is less due to the amount of calculation it takes. It has been financed at 48 periods, ending of paying it in January 2022, in order to do not have a huge impact on the cash flow statement. Also, it is relevant to mention that the IP financial rate is about 0,99% calculating it by the number of time that the loan is going to be effective. The effective rate is going to project an annual rate and due to the payment is monthly it is not used at the financial calculation to obtain the constant capital.

**Table 59.** *Amortization Table for Investment*

<b>AMORTIZATION TABLE FOR INVESTMENT</b>					
<b>LOAN \$ 51.293,55</b>					
	<b>Rate</b>	<b>11,83%</b>	<b>effective rate</b>	<b>12,4930%</b>	
	<b>term</b>	<b>48 months</b>			
	<b>Bank</b>	<b>CFN</b>	<b>amortization</b>	<b>each 30 day</b>	
<b>DATE</b>	<b>Term</b>	<b>Initial balance</b>	<b>Interests</b>	<b>Quota</b>	<b>Amortization</b>
30/Jan/2018	0	\$ 51.293,55			
01/feb/2018	1	\$ 50.224,94	\$ 505,67	\$1.574,28	\$ 1.068,62
31-mar-2018	2	\$ 49.156,32	\$ 495,13	\$1.563,75	\$ 1.068,62
30/apr/2018	3	\$ 48.087,71	\$ 484,60	\$1.553,22	\$ 1.068,62
30/may/2018	4	\$ 47.019,09	\$ 474,06	\$1.542,68	\$ 1.068,62
29/jun/2018	5	\$ 45.950,47	\$ 463,53	\$1.532,15	\$ 1.068,62
29/jul/2018	6	\$ 44.881,86	\$ 453,00	\$1.521,61	\$ 1.068,62
28/aug/2018	7	\$ 43.813,24	\$ 442,46	\$1.511,08	\$ 1.068,62
27/sep/2018	8	\$ 42.744,63	\$ 431,93	\$1.500,54	\$ 1.068,62
27/oct/2018	9	\$ 41.676,01	\$ 421,39	\$1.490,01	\$ 1.068,62
26/nov/2018	10	\$ 40.607,40	\$ 410,86	\$1.479,47	\$ 1.068,62
26/dec/2018	11	\$ 39.538,78	\$ 400,32	\$1.468,94	\$ 1.068,62
25/jan/2019	12	\$ 38.470,16	\$ 389,79	\$1.458,40	\$ 1.068,62

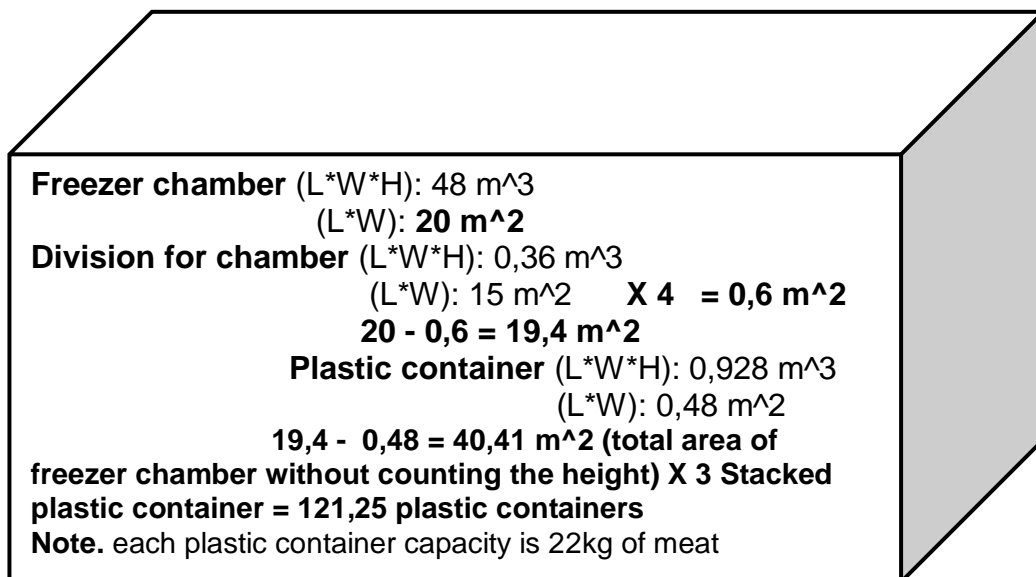
<b>AMORTIZATION TABLE FOR INVESTMENT</b>					
<b>LOAN \$ 51.293,55</b>					
<b>Rate</b>	<b>11,83%</b>	<b>effective rate</b>	<b>12,4930%</b>		
<b>term</b>	<b>48 months</b>				
<b>Bank</b>	<b>CFN</b>	<b>amortization</b>	<b>each 30 day</b>		
<b>DATE</b>	<b>Term</b>	<b>Initial balance</b>	<b>Interests</b>	<b>Quota</b>	<b>Amortization</b>
24/feb/2019	13	\$ 37.401,55	\$ 379,25	\$1.447,87	\$ 1.068,62
26/mar/2019	14	\$ 36.332,93	\$ 368,72	\$1.437,33	\$ 1.068,62
25/apr/2019	15	\$ 35.264,32	\$ 358,18	\$1.426,80	\$ 1.068,62
25/may/2019	16	\$ 34.195,70	\$ 347,65	\$1.416,26	\$ 1.068,62
24/jun/2019	17	\$ 33.127,09	\$ 337,11	\$1.405,73	\$ 1.068,62
24/jul/2019	18	\$ 32.058,47	\$ 326,58	\$1.395,19	\$ 1.068,62
23/aug/2019	19	\$ 30.989,85	\$ 316,04	\$1.384,66	\$ 1.068,62
22/sep/2019	20	\$ 29.921,24	\$ 305,51	\$1.374,12	\$ 1.068,62
22/oct/2019	21	\$ 28.852,62	\$ 294,97	\$1.363,59	\$ 1.068,62
21/nov/2019	22	\$ 27.784,01	\$ 284,44	\$1.353,05	\$ 1.068,62
21/dec/2019	23	\$ 26.715,39	\$ 273,90	\$1.342,52	\$ 1.068,62
20/jan/2020	24	\$ 25.646,78	\$ 263,37	\$1.331,98	\$ 1.068,62
19/feb/2020	25	\$ 24.578,16	\$ 252,83	\$1.321,45	\$ 1.068,62
20/mar/2020	26	\$ 23.509,54	\$ 242,30	\$1.310,92	\$ 1.068,62
19/apr/2020	27	\$ 22.440,93	\$ 231,76	\$1.300,38	\$ 1.068,62
19/may/2020	28	\$ 21.372,31	\$ 221,23	\$1.289,85	\$ 1.068,62
18/jun/2020	29	\$ 20.303,70	\$ 210,70	\$1.279,31	\$ 1.068,62
18/jul/2020	30	\$ 19.235,08	\$ 200,16	\$1.268,78	\$ 1.068,62
17/aug/2020	31	\$ 18.166,47	\$ 189,63	\$1.258,24	\$ 1.068,62
16/sep/2020	32	\$ 17.097,85	\$ 179,09	\$1.247,71	\$ 1.068,62
15/nov/2020	34	\$ 14.960,62	\$ 158,02	\$1.226,64	\$ 1.068,62
15/dec/2020	35	\$ 13.892,00	\$ 147,49	\$1.216,10	\$ 1.068,62
14/jan/2021	36	\$ 12.823,39	\$ 136,95	\$1.205,57	\$ 1.068,62
13/feb/2021	37	\$ 11.754,77	\$ 126,42	\$1.195,03	\$ 1.068,62
15/mar/2021	38	\$ 10.686,16	\$ 115,88	\$1.184,50	\$ 1.068,62
14/apr/2021	39	\$ 9.617,54	\$ 105,35	\$1.173,96	\$ 1.068,62
14/may/2021	40	\$ 8.548,93	\$ 94,81	\$1.163,43	\$ 1.068,62
13/jun/2021	41	\$ 7.480,31	\$ 84,28	\$1.152,89	\$ 1.068,62
13/jul/2021	42	\$ 6.411,69	\$ 73,74	\$1.142,36	\$ 1.068,62
12/aug/2021	43	\$ 5.343,08	\$ 63,21	\$1.131,82	\$ 1.068,62
11/sep/2021	44	\$ 4.274,46	\$ 52,67	\$1.121,29	\$ 1.068,62
11/oct/2021	45	\$ 3.205,85	\$ 42,14	\$1.110,75	\$ 1.068,62
10/nov/2021	46	\$ 2.137,23	\$ 31,60	\$1.100,22	\$ 1.068,62
10/dec/2021	47	\$ 1.068,62	\$ 21,07	\$1.089,69	\$ 1.068,62
09/jan/2022	48	\$ 0,00	\$ 10,53	\$1.079,15	\$ 1.068,62

**Note:** Courtesies from the authors

#### 4.8 Installed capacity

To determine the installed capacity of the company will be done through the number of plastic containers that can enter into of a freezer chamber considering that for the care of the product, will only be stacked up to 3 levels with the intention of preserving it in a State the freezing. Also, it will be determined the time that the direct and indirect labor delay to obtain the finished product taking into account that a large piece of meat can give a minimum of 14 smaller pieces. Therefore, the following figure shows the calculation of the storage capacity that has the freezer chamber which is of 121,25 plastic containers with a plastic container capacity of 22 kg.

that is to say, that the freezer chamber has a capacity to stock 2667.5 kg of meat, take account that is recommendable stacking up to 3 levels the plastic container to protect product quality. In other words, the percentage of the installed capacity is equal to  $30,68/121,25 \times 100 = 25,30\%$  weekly. But are 2 chamber which is a cooling chamber for the production process.



**Figure 73.** Freezer Chamber Capacity

**Note:** Courtesies from the authors

Hence, the demand for meat weekly in the pessimistic scenario is 675 kg, this divided by 22 kg that is the capacity of one plastic container, is equal to 30,68 plastic containers, that to say that installed capacity cover the demand solicited. In the same manner, it calculates the production time to obtain the final product which is of 12 minutes with 32 seconds to end the process of 14 meat steak.

**Table 60. Production Time Table**

<b>Production time</b>		
<b>To obtain 14 steaks</b>		
<b>Detail</b>	<b>Time</b>	<b>PRODUCTION CAPACITY (QUANTITY OF MEAT steak)</b>
DIRECT LABOR	0:08:40	
PACKER	0:02:12	
INDIRECT LABOR	0:00:50	
INDIRECT LABOR	0:00:50	
<b>Total production time</b>	<b>0:12:32</b>	14
<b>Total production time per hour</b>	1:00:00	67,0
<b>Total production time per day</b>	8	536,2
<b>Total production time per week</b>	5	2680,9
<b>Total production time per Month</b>	<b>22</b>	<b>13404,3</b>
<b>the demand of meat weekly for scenario optimistic</b>		kg 2666,46
<b>the demand of meat weekly for scenario pessimistic</b>		kg 675

**Note:** Courtesies from the authors

Likewise, the 25 % of the production capacity is being used weekly for pessimistic scenario and the 99% of the production capacity for optimistic scenario because passing this percentage, the company would require hiring more staff to carry out the production of the demand requested.

#### **4.9 Sensitivity Analysis of the Project**

Business projects evaluate their forecasted returns against their investment through the minimum rate of return that they expect to invest in that project. This rate should analyze the risk of market related with the project to determinate the sensitivity that the project has with respect to the industry where the business operates it. In the case of SuCarne Inc., this operate in the meat industry which in the last two years it has had falls in the price due to the speculation that existed previously.

However, that has not impeded that the meat business remains profitable since in recent months it has been recovering. Then for this analysis is necessary calculating the beta coefficient to know the sensitive of this project with the local meat market risk and sequentially calculating the Weighted Average Cost (WACC) that the investors would want as minimum to obtain to invest in the project.

#### 4.8.2 Beta Analysis

The coefficient Beta is a measure of the volatility of an asset with respect to the risk of the market. Namely, is a correlation between the market and the project with the purpose of calculating the risk that is not possible to diversify into other assets since it is the minimum risk that the market has. This study is based on the local meat market, therefore, the prices of the Ecuadorian meat market must be analyzed to determine its variation as indicated the **Appendix N** in which the standard deviation of meat market is 0,0402714 or 4,03% of market risk. The same procedure is for the income variation of the project which through the difference of the pessimistic and optimistic scenarios, it gives the possible income that can be obtained. In this case, the data numbers are 30 then the difference is divided by 30 as shows the **Appendix O**. Also, for the beta formula, considered the variance of the market.

Hence, the beta formula is the covariance between market standard deviation (market risk) and project standard deviation (project risk) divided by the variance of the market.

$$\beta = [\text{COV} (\sigma_{\text{mkt}}, \sigma_{\text{project}})] / \text{VARIANCE}_{\text{mkt}}$$

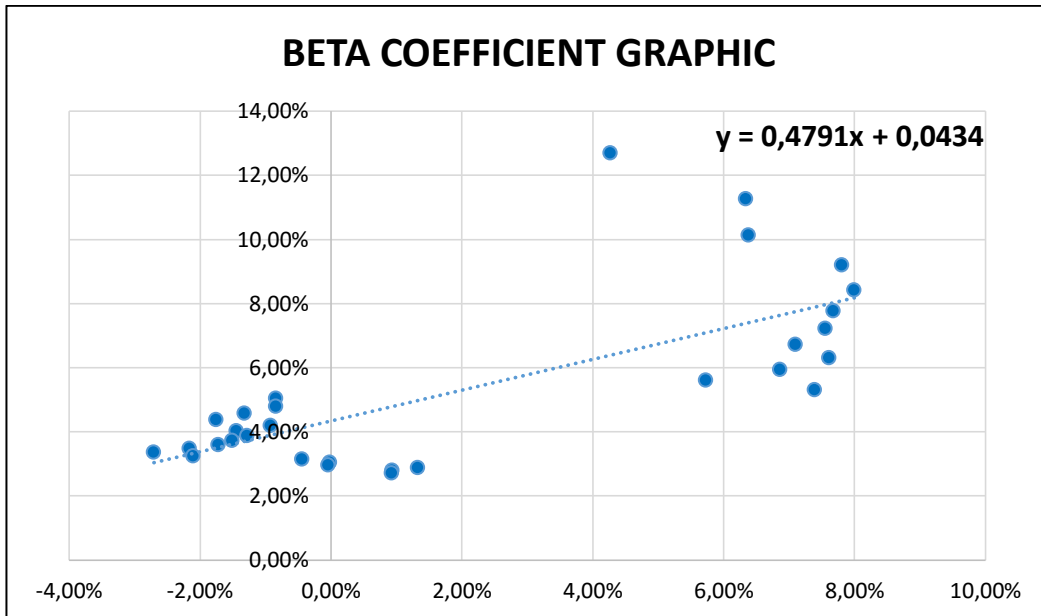
**Table 61.** Beta Coefficient Result Table

Calculation of beta coefficient	
COV	0,00075114377
VARIANCE (MKT)	0,001567726
<b>BETA</b>	<b>0,47912942</b>

**Note:** Courtesies from the authors

Therefore, the resulting of beta is 0,479 which indicates that the project has a positive correlation of 47,9% with the local meat market. In other words, if the price of meat increases in the market then the income of project also growth due to that the sale price going to raise. Meanwhile, more the beta coefficient approaches to 1 means that the project is increasing its risk according to the market.

On the other hands, the following figure shows the dispersion graph of the market prices variation with the expected return variation of the possible income of the project obtained from the difference between the pessimistic and optimistic scenario. Besides, the line equation can be visualized as well as the coefficient beta.



**Figure 74. Beta Coefficient Graphic**

**Note:** Courtesies from the authors

#### 4.8.3 Weighted Average Cost of Capital (WACC)

WACC is the rate that evaluates the opportunity cost of the project, the risk-free to invest in an asset safest and the sensibility of the market with the project. For this case, also add it the national risk and bank loan rate for subsequently compare it with an internal rate of return (IRR) that the project has. And if WACC is more than IRR then the project is profitability because the project accomplishes the requirements of the market of a country plus the financial cost of debt.

**Table 62. Opportunity Cost Formula**

FORMULA
$Ko = rf + \beta * (rm - rf)$
$Ko Ec = Ko Indus + national risk$

**Note:** Courtesies from the authors

The formula of portfolio expected result is equal to the risk-free summed the multiplication of beta coefficient with the subtraction result between the market return and risk-free. This allows knowing the opportunity cost that the project gives as result in a percentage.

**Table 63. Data to Calculate WACC**

Data	
$\beta$	0,48
$rf$ (risk free)	2,38%



Data	
rm (local MKT return)	7,78%
	4,97%
<b>Ko industry (project return considers its MKT sensibility</b>	
<b>National risk</b>	5,78%
<b>Ko Ecuador</b>	10,75%
<b>bank Loan rate</b>	11,83%
<b>WACC</b>	<b>22,58%</b>

**Note:** Courtesies from the authors

This WACC considers the sensibility of market in relation to the project, the local market return of the other assets for investment, the risk free which is TIL bill rate return, the national risk and the bank loan rate, with the aim of “*punishing*” the project and proving its portability which is compared with the project internal rate of return (IRR).

#### **4.9 Financial indicators**

The financial indicators commonly used to demonstrate the profitability and feasibility of the project are three ones which correspond to VPN, IRR, and PAYBACK. Each one of them gives a different result that is subject to a specific interpretation according to the type of project and industry the person is working. The VPN significance takes all the future value of the cash operational inflows that the project is going to have to allow the investor know the profit it will have with the development of the company. It could be given three kinds of results as negative when the project is not profitable, zero when the IRR equals the WACC which means that your project accomplishes the amount of money proposed by the investor.

But it is could be profitable if the owner of the company reduces cost and expenses and the last one that was obtained by the project as positive. This positive number means that the project is accepting the CAPM rate and is exceeding the most likely scenario expected by the investors. To develop the formula of VPN it takes the investment, the cash operational inflows of the project estimation and the CAPM rate.

IRR is the financial rate that indicates in what proportions the project is profitable, thus it must be higher than the CAPM rate proposed by the company plus the financial rate obtained from the loan in the case of

SuCarne it gets the 36,34%. There is a difference between the economic IRR and the Financial IRR. The economic one refers to the interest rate that the company will gain by its own merits, it means only taking on account sales, cost and expenses from the company as if it has begun the operation with its own equity. On the other hand, the financial is about all the efforts the company has made to begin its operation as having financial loans and cost.

#### **4.9.1 Cash Flow**

The Cash Flow Statement is a financial report that presents all the cash inflows and outflows that correspond to income per sales, sales cost and operational expenses to obtain the annual profit of the commercial operations. It is important because it helps investors to make decisions about how to manage liquidity and the payment of short and long-term liabilities, depreciation, amortization and interest and capital of the loans. It could give two results positive and negative. The positive one means that the company will have the cash to cover its daily operations and incomes are higher than any other expenses and cost the company could have. In general terms at the first year sometimes the investors could obtain a lower amount of money but it does not mean that the project is not profitability but only it has more expenses than incomes. If the Cash flow statement in negative is because the entity has made an investment and expenses that overpass the incomes it could generate and in that case, it has to be rephrased.

SuCarne cash flow statement is positive and reflects all the liquidity that will have in the 4 years estimated. The year 2020 is the one that represents more cash inflows to the company. The Cash Flow Statement is obtained over the Income report that is why they are extremely connected.

#### **4.9.2 Net Present Value**

Evaluating the cash flows of projects is transferring it to a present value by subtracting the value of the investment. If the value is positive that means that the NPV in addition to covering the costs of the investment obtains an extra profit of \$33811,14 in a period of 4 years in the case of this project.

Therefore, any project that shows an NPV greater than 0 resulting a profitability in monetary terms on the asset being invested.

**Table 64. Cash Flow and NPV Result**

<b>CASH FLOW</b>					
<b>BALANCE AT TERM OF THE PERIOD</b>		<b>57.681,36</b>	<b>63.338,99</b>	<b>72.387,13</b>	<b>83.820,15</b>
<b>(+) DEPRECIATION</b>		8.331,77	8.331,77	8.331,77	6.649,85
<b>(-) CAPITAL LOAN PAYMENT</b>		11.754,77	12.823,39	12.823,39	13.892,00
<b>CASH FLOW</b>	<b>-120.409,17</b>	<b>54.258,35</b>	<b>58.847,37</b>	<b>67.895,51</b>	<b>76.578,00</b>
<b>CASH FLOW ACUMULATED (WACC)</b>	<b>-120.409,17</b> 22,58%	<b>66.150,82</b>	<b>7.303,44</b>	<b>60.592,06</b>	<b>137.170,06</b>
<b>NPV</b>	<b>33.811,14</b>				
<b>IRR</b>	<b>36,34%</b>				
<b>Simple PAY-BACK</b>	<b>2,1</b>		<b>2 years ,1 month</b>		

**Note:** Courtesies from the authors

In other words, what the NPV explains is that by investing in this project \$ 120,409.17 in 4 years in addition to having recovered the initial investment you get a return in favor of \$ 33811.14. However, in order to have a clearer scenario of project profitability, both IRR and NPV must be evaluated at the same time, including pay-back.

#### 4.9.3 Internal Rate of Return

IRR is the percentage that allows knowing how profitable the project is, in this case the IRR is about 36,34%. And if it compared with the WACC then it demonstrates that the project is profitability because the WACC is lower than the IRR.

**Table 65. IRR Calculation**

<b>(WACC)</b>	<b>22,58%</b>
<b>NPV</b>	<b>33.811,14</b>
<b>IRR</b>	<b>36,34%</b>
<b>Simple PAY-BACK</b>	<b>2,1</b> <b>2 years ,1 month</b>

**Note:** Courtesies from the authors

Besides this IRR of 36,34%, is due to two main reasons. The first is that there is a high-profit margin between the unit cost of the raw material and the unit price that sometimes exceeds 100% ,because the consumer in this sector is willing to pay that price. The second reason is that being a

direct sale to the consumer you get a liquidity of money immediately and instead for the suppliers of the company you get a payment credit of 15 days, which allows the company to effectively manage its cash flow.

#### 4.9.4 Pay-back

The payback period is the time that the investor is going to recover all the investment it has made in having on relevant the financial resources from the institutions, stockholder's equity, internal cost, and expenses. In the chart below there is the summary of all the financial index obtained.

The Pay-Back Financial Method was calculated into two forms as Simple Pay-back and Discounted Pay-back. The simple pay-back does not take on consideration the operational inflows as future instead it takes it as present value. On the other hand, the discounted method bring the cash inflows to present to compare the amount of money, the company could have at the present moment. The variation between the time of recovery is about 1 year and 1 day.

**Table 66. Pay-Back Calculation**

		<b>Simple PAYBACK</b>	<b>Discount PAYBACK</b>
		<b>2 years ,1 month</b>	<b>3 years, 1 day</b>
<b>CASH INFLOWS</b>	<b>Simple Pay Back</b>	<b>NPV of cash flow</b>	<b>Discount Pay Back</b>
\$ (120.409,17)	\$ (120.409,17)	\$ (120.409,17)	\$ (120.409,17)
\$ 54.258,35	\$ (66.150,82)	\$ 44.265,15	(\$ 76.144,02)
\$ 58.847,37	\$ (7.303,44)	\$ 39.166,77	(\$ 36.977,25)
\$ 67.895,51	\$ 60.592,06	\$ 36.866,09	(\$ 111,16)
\$ 76.578,00	\$ 137.170,06	\$ 33.922,30	\$ 33.811,14
	<b>WACC</b>	<b>22,58%</b>	

**Note:** Courtesies from the authors

## Conclusions

This project has analyzed several aspects on the improvement of a supply chain management for a distributor and trading company on the meat industry taking as an example of configuration a real enterprise as *SuCarne*. Undoubtedly, the SCM of an entity defines the success of the operation processes integrating external actors such as; products and service suppliers with consumers avoiding intermediaries.

The Ecuadorian meat market is an informal, price sensible and non-quality strict market in which its commercialization and GPM standards are taking for granted in order to maintain low prices. In addition, due to price speculation on the cattle farmers side and slaughter houses, have caused that within the last two years several livestock producers have gone out of business. However, in the last six months of 2016, the industry has recovered, restoring a balance within the market. Therefore, retailers learned the risks involved within a volatile and high competitive market, thus in order to gain more market share diversifying is the key component. Moreover, analyzing how large retailers are reacting the true north in order to maintain a market position is to give value added attributes to the final product and managing strategies to reach directly to the final consumers.

As a diagnose of the current situation, *SuCarne* is a distributor enterprise that is in the 4<sup>th</sup> stage of the supply chain process. Which is trade meat commercial products of massive consumption distributing them to several zones around Guayaquil city. Within their client's portfolio are included organizations such as retailers, restaurants, and hotels developing a B2B model. This business strategy competes with huge market players such as *Pronaca* and *Faina*. A part of not having a regulated and control process on its value chain, which involves the lack of processes, flow diagram of activities for each department. Thus, non-organized processes affect on being competitive and profitable. The result of *SuCarne's* current business strategy caused the temporary suspension of their activities. All of these aspects were considered and studied in order to propose a model that could improve the SCM of the company. Once, the restructuring model based on SCOR was taking on, the need to modify other factors resulted

on a strategic change from the B2B business model to B2C, having a direct integration to consumers and focusing on a new market niche. Also, offering products with the companies owned brand to a selected target gives the opportunity to develop competitive advantage and reduces the risk of sharing the market with big players of the sector.

Finally, due to improvements in the supply chain of the company, it proved the profitability of the project which has been determined by the sensitivity calculating of the project with the meat market and the financial indicators NPV, IRR and PAY-BACK which are based on sales forecast in a pessimistic scenario. Therefore, it is concluded that a higher profit margin is obtained between the sales prices and the costs when these are directed to a specific market segment of medium and high social class. As well as a better management of the Cash to cash cycle which is receiving instant payment by the final consumer and obtaining 15 days' direct suppliers credit, making the cash flow more flexible.

The SCOR model is the philosophy that will be applied to improve the SCM of SuCarne, it is a framework that guide, measures and aligns business processes, performances, practices, and skills. This model work on 5 key words such as Plan, Source, Make, Deliver and Return to enhance the SC procedures in order to create a perfect combination between suppliers and external customer engaging all the actors of the chain. Also, this model allows focusing on establishing one sole strategic goal per business unit with the usage of the S&OP tool that gives standards that could be measured by the right usage of Key Performance Indicators (KPI'S).

## Recommendations

It is recommended that based on the behavior of the Ecuadorian meat market and the market share of large retailers; in which at the beginning is sufficient to take the certifications process into account but not necessarily to acquire them. This will avoid a great deal of investment when starting up the company.

Additionally, within another research the company *SuCarne* should look forward to developing their business model into the first two stages of the SC, converting themselves in cattle farmers with access to its own slaughterhouse. Thus, the more control on the SC meat industry a company could have the more profitable it will be and the lower risk on market sensibility will have. Following *Digecca Inc.*'s example.

The alignment of strategic goals must be made by all the departments of the entity led by the commercial department, if one of its department does not integrate on the operation and do not focus on the objectives of a sole forecast sales plan, it could fail on the run. S&OP has to be as precise as forecasting, so on the company plans the exact purchase of raw materials, manage better budgeting of marketing campaign or administrative expenses creating effectiveness and high yields on the companies Key Performance Indicators.

Consequently, it is recommended for future researchers to make a sensitivity analysis of the Project taking into account the international markets, so the company can project an exporting strategy.

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## APPENDIX

### Appendix A. Interview with *Digeca* General Manager

**1. What is the product that generates the most profitability and what is the difference in sales volume compared to the others?**

As an information fact, the American Chamber of Commerce has a per capita consumption study of 60% Chicken Meat, 35% Beef and 15% Pork. The most profitable are the pork but has less demand, hence profitability follows beef and finally chicken. However, chicken trade is a penny business and is considered a waste of time in buying and selling chicken because there is a great competitor on the market called *Pronaca*. However, the chicken can offer it as a complementary product trough of beef or pork, because The Ecuadorian family consumes mostly chicken.

**2. How do you manage the meat inventory in terms of standards, maximum storage time and minimum stock quantity before to do a reorder purchase?**

The product on foot both beef and pork has 3 days to be sacrificed. After the dressing process and the handling of the meat 5 days until the vacuum packaging and 8 days to market; it is important to always think about commercial planning. And the minimum amount is taken depending on the sales of the product that is marketed in the case of *Digeca* is 15 days of inventory (price 4.05 in pounds).

**3. What are the terms and conditions of purchase that you request from your suppliers, such as the payment form, the delivery of the product and the credit days?**

In the case of *Digeca*, they buy the cattle on foot, they send it to fish and they process it themselves. But we have realized that one of our weaknesses in this type of business is the supply chain. For example, if breeders agree among themselves and speculate on raising the price, then buyers should submit to it. Likewise, at each stage of the supply chain is increasing the price until that the final customer who can decide not to buy the product. Therefore, the problem faced by marketers of meat not raise cattle is that it has to withstand high operating costs, whereas the farmer if

can it endure, because it is an informal provider supplier that does not give much importance if he sells short because it is aware of the negotiation power that he possesses. The biggest weakness has *Digeca* according to Porter's 5 Forces is the power supplier. For this reason, it is that this company has chosen to make a loan to the stock exchange in order to get a farm to raise cattle. And with respect to institutions that should regulate in the Ecuadorian market, the respondent believes that these institutions do it according to their convenience. For example, *Digeca* meat products which could not find nationally, it imported from Chile or the United States 30% cheaper than producing it locally; until changed agriculture minister, by an official who previously worked for one of the largest suppliers of meat in the local market, causing prohibiting the importation of meat. This, in turn, causes that the guilds producers of meat meet with the merchants, to arrive at some agreement through the dialogue in which they do not raise the price it, due to the factors that happen in the market.

As a payment method to the supplier, it is done prepaid in cash with 1 or 2 days in advance because for *Digeca* considers that we are in a time deficit in beef and pork. In the case of beef, there deficit by speculation and in the case of pork, is due to an oversupply of production which caused the price is less than its cost, causing small farms go to bankrupt and large companies stopped raising pigs in order to get the price up, causing a reduction in pork production and make profitable business through scarcity.

#### **4. How do you evaluate the quality of the meat that you buy from your suppliers and know of some way to make it better?**

The department of quality control is responsible for verifying if the animal to be purchased meets the necessary days, backfat needed to make the dressing, and the certificate granted by *Agrocalidad* which is an entity of agency MAGAP, which all farms must have it. For *Digeca*, buying live cattle; however, sometimes usually buy butchered meat. For example, poultry *Fernández* is over stocked with pork chops and *Digeca* has a surplus of pork legs, then they come to an agreement as a barter to exchange those products among themselves. Also, if *Pronaca* have a meat product that is



not sold, then *Digeca* asks that product with the condition of a discount in the price.

**5. Do you have different suppliers that supply you with the same product and how do you evaluate them?**

Yes, *Digeca* has several suppliers for the same meat product except chicken because the chicken is not a significantly profitable business, given that for *Digeca* is not profitable to be buying chicken to sell the same product with a profit margin of cents per chicken. Furthermore, it is advisable to have a cooling chamber for each product so that there is no contamination between meat products.

**6. What credit time do you offer your customers to make the payment or is it handled with immediate payment?**

*Digeca* gives 8 days of credit to customers of coverage, that says the traditional market. For institutional clients, such as chain hotels, bars, and restaurants, they are given 15 days of credit and industries like stuffers and supermarkets are 21 days of credit.

**7. What are the norms, standards, and quality certifications that you implement and considered to commercialize and distribute the meat?**

The company has a GMP certification for the operational management of meat. Although, at present, the company is considering regulations that require HACCP certification because in the future *Digeca* pretends to export its products to an international market that has as a minimum requirement, this type of certification. And for the administrative area only should follow the rules presented by ISO 9001.

**8. Is there any way to monetize the meat business with a formalized process in its commercialization and distribution for the traditional market?**

What the business should do is simply follow the standards of GMP and ISO 9001. For example, the marketers must have a space allocated where it can freeze the product, and meat handling space must follow a strict regimen of health where staff must have the appropriate equipment and

clothing. And depending on the size of business can get these certifications since the certifying to a company with GPM, it has a cost approximately of \$ 15,000. However, for small meat traders should rule over these standards and legalize the process. Therefore, to try to capitalize on the business, you will not be able to reduce costs by implementing new requirements and what you can do is start to educate the customer, with regard to product quality since there is a regulator called ARCSA who visit the traditional market, ensuring that providers of those businesses have health certification. However, this does not guarantee that the customer buys the traditional market 100% of what the business offers, possibly buy 50% or 60% of the product since these customers also take care of the price.

**9. What type of mechanism do you use to distribute meat to your customers, such as route mapping and delivery schedule?**

First divide by 4 zones to the city of Guayaquil: north, south, east and west; and then assigns sub zones or so-called routes work, which in the case of *Digecca* are 32 sub zones. And each truck delivery is organized according to the weight and delivery time. For example, each area is assigned a truck, and so there is no late delivery, the sales department is responsible for making sales projections, and perform pre-sales in order to efficiently arrange for deliveries. Moreover, the most important are vendor administration to organize the other departments; and not have the problem of having many orders the same day delivery. Thus, each vendor is assigned with certain areas that are calculated by the vendors' number formula, which indicates the number of customers who can attend a salesman; which it is in function of customers' number, working hours and delivery time. And with this formula, you can see what seller is working efficiently.

## **Appendix B. Interview with purchasing manager of Sausages Rossy**

- 1. What is the product that generates the most profitability and what is the difference in sales volume compared to the others?**

In terms of margins and volume the star product of the sausage line is *Cuencana* sausage, and in the meat line is the beef.

- 2. How do you manage the meat inventory in terms of standards, maximum storage time and minimum stock quantity before to do a reorder purchase?**

Sausages *Rossy* develops the process of cuts, once the whole piece of meat arrives after being slaughtered. The company processes approximately 70 pieces of meat per day which are filleted depending on the sale, and the rest is in the refrigerator camera that is kept in a semi-soaked state which is gradually being picked up to be cleaned and filleted because having meat filleted with anteriority is counterproductive. And the maximum time that the product is frozen in inventory is about 3 to 4 days, that is why the equilibrium is according to what the company requires of raw material and its installed capacity. In terms of standards, we work according to GPM and HACCAP standards, with the purpose of rotating the product and assigning each camera a product line.

- 3. What are the terms and conditions of purchase that you request from your suppliers, such as the payment form, the delivery of the product and the credit days?**

Nowadays, the slaughterhouse is an informal place which is handled 50% invoice and 50% barter. one offers pork leg and the other gives inlays. These providers who are in the slaughterhouse, give *Rossy* up to 30 days of credit due to the trust that exists between the parties.

- 4. How do you evaluate the quality of the meat that you buy from your suppliers and know of some way to make it better?**

With respect to the measurement of the quality of the product that has been purchased, it is done through a table with performance parameters, which allows knowing how many bones, sebum, fat, and pulp own the product, besides its price. And based on that, it decided to continue to buy

from the same supplier or change it. This evaluation is done by the purchasing manager to acquire a more yielding meat product.

**5. Do you have different suppliers that supply you with the same product and how do you evaluate them?**

We process the line of sausage ourselves. And respect to the meat, *Rossy* has several suppliers that can reach up to 10 suppliers and evaluate them by the parameters of yields.

**6. What credit time do you offer your customers to make the payment or is it handled with immediate payment?**

In terms of credits to customers, *Rossy* grants a maximum of 8 days since they are handled with the policy of invoice paid, invoice granted. And for companies like *Liris* and *Fernandez* they are given a credit term up to 30 days.

**7. What are the norms, standards, and quality certifications that you implement and considerer to commercialize and distribute the meat?**

In addition to the GPM certification, are industrial safety standards and for trucks must carry the thermoking, which is a temperature control system that allows to have the product in the right conditions. And the vehicle must be cleaned every day.

**8. Is there any way to monetize the meat business with a formalized process in its commercialization and distribution for the traditional market?**

If there is a way, the problem is in the mindset of company owners because the business may be small with 10 employees, but can be handled with all the norms, standards and legalized it in every way. The problem is in the idiosyncrasies of the owners, who think that legalizing their employees and that cleaning your vehicles generates many expenses. That way of thinking is what does not allow them to go further because the meat business is profitable with a good management and coordination can generate a profitability of 18% minus 8% of expenses, you can get a profit margin Net of 10%.

**9. What type of mechanism do you use to distribute meat to your customers, such as route mapping and delivery schedule?**

Basically, it is a matter of covering the stores and markets. In other words, according to the route where the customers are, a person is assigned to make the deliveries. And at the company level, there are already purchase orders. For that, responsible for making all these coverages is the logistics chief who combines the variables of delivery time and the assigned route.

## **Appendix C. Interview to Windham**

**Interview to Leonardo Leighton- assistant of food and beverage at Windham Hotel and manager of the franchise of Goddard Catering Group.**

**1. What is the meat product that you most frequently buy? And which of those products generate you a higher return on sale?**

Beef is the product that the restaurant and buffets category buys at a 40% in order to prepare different dishes. Poultry is the one that follows it with a 30%, then comes pork with a 15%, seafood by 10% and sausages at 5%. The return on sales is measured by the number of dishes served at a catering service or at a restaurant menu order.

**2. What is the minimum amount you expect to have an inventory before to do a reorder purchase?**

Windham uses the ABC inventory system, the unity method and a Software they acquired a license that is called POS- Point of sale. The replenishment the hotel does in this way as he remembers:

<b>Days of Replenishment</b>	<b>KG</b>	<b>Pounds</b>
Mondays	45	100
Wednesdays	68	150
Fridays	159	350

**3. How do you evaluate the quality of the meat that you buy from your suppliers and know of some way to make it better?**

The hotel has a supplier self-assessment sheet in order to evaluate suppliers as well as a purchasing team of food and beverage creates a historic information log book about time at the market, distribution channel, cold chain management, qualifications and capacity of response. The 65% of meat products are provided by qualified suppliers like Liris, Pronaca, Faina, Agropesa, Avicola Fernandez, and Piggies.

**4. Do you have different suppliers that give you the same product and how do you evaluate them?**

On the other hand, especially on weekends beginning on Fridays as a number of meat products rise up at these peak days, Windham buys to the

35% of suppliers that offers good prices and quality and it is not important the certifications of them

**5. Would you be willing to change the supplier of meat, for another that is more efficient in delivery time, with a price that competes with its current supplier and with a product that will last its quality through the vacuum packing in which fulfill with due quality standards?**

The most important indicator or parameter is time in this restaurant and buffet industry is the capacity of response, normally big supplier gives a commercial establishment an excellent and certificated quality but their capacity of response is not at 100% for their structure and procedure, due to they have a formal delivery schedule and routes to accomplished as the small suppliers do not.

**6. Do you consider that SuCarne Inc. make a tracking on your purchase? And what recommendations would you give for good after-sales service?**

**7. What kind of inconveniences did you notice at the time that the meat was dispatched by SuCarne Inc. staff?**

**8. What type of disagreement have you had with the company related to issues such as product quality, price change, payment method, delivery time or treatment received by SuCarne Inc. staff?**

**Answer of question 6, 7 and 8**

- Honestly, Su Carne (reformulate this), but they don't have a commitment with their clients in their organizational values because they deliver too late to the hotel (What do you want to say here? Please reformulate doesn't make sense), creating a delay on cuisine operations.
- SuCarne has not formal delivery schedule so the product does not look so qualified when it arrives to the client.
- The packaging on poultry and pork belongs to Pronaca and Faina but on meat the packaging was poor.
- The hotel did not have so much contact with a manager of Su Carne despite of it was one of their profitable clients.

- The dispatchers did not have a distinction or uniform that indicates they belong to the organization.
- SuCarne's presentation card was not formal for doing a telephonic approach.
- The dispatchers do not use gloves to deliver the meat products or weighted it.
- Dispatchers do not give any critical response if there was an inconvenient with the order or the weighted of the products.
- Do not offer a complete order when the company does not have inventory on their business.

**9. In what way, do you think you would benefit if in the future SuCarne Inc. will implement the commercialization of its products through of a website or a mobile application such as an e-commerce?**

It will help the company to get organize their activities through of a system that could control procedures and processes so that orders will be delivered on time and complete the replenishment objectives of the clients.

**Interview to Alex Orellana owner of the company EMBULAC**

**1. What does the company does?**

The company is called Embulac and is a distributor and trading company of sausages product from other known brands but it is looking forward to produce its own product and for that reason it is using an strategy of penetration with other brands.

**2.What is the reason to create your own Business?**

It is just creating an independency to his revenues as well as contribute to the reduction of unemployment

**3.How do you visualize you company in 4 years?**

The company is looking forward to go 3 links back on the value chain of the sausages industry. Managing a good performance of the supply chain on a distribution type of enterprise is so relevant for get success because as an owner, you must have the sufficient stock to always give clients what they need and satisfy.



## Appendix D. Instrument for data collection: Survey Model



UNIVERSIDAD CATÓLICA  
DE SANTIAGO DE GUAYAQUIL

### Faculty of Economic and Administrative Sciences

Market research for the commercialization of meat products aimed at families living in the via la costa zone north of the city of Guayaquil as part of improving the supply chain of the company SuCarne Inc.

**Objective:** The purpose of the survey is to analyze the acceptability that families of Via la costa sector can have towards the commercialization of meat steak through a direct distribution towards them.

**1. Gender of people surveyed**

MEN                      Women

**2. Age**

Age	Respond
20 – 30 years' old	
30 – 40 years' old	
40 – 50 years' old	
60 – 70 years' old	
Over 60 years' old	

**3. What is the number of people who make up your family?**

Number of people per families	Respond
2	
3	
4	
5	
Over 5	

**4. What is the level of income that your family have?**

Income per family	Respond
Between \$700 -\$1200	
Between \$1200 -\$1700	
Between \$1700 -\$2200	
Between \$2200 -\$2700	
Between \$2700 -\$3200	
More than \$ 3200	

**5. Do you eat meat in this home? (In the case of being NO, the survey has been completed)**

YES                      NO

**6. How many times a week do your family eat meat?**

Meat consumption days per week	Respond
Every 2 to 3 days	
Every 4 to 6 days	
everyday	
Once a week	

7. What kind of meat do you consume more?

Poultry                      Beef                      Pork

8. Do you consider that going out for making daily purchase as basic necessities products for your home could be an issue given the geographical sector where you live?

YES                      NO

9. Do you know of any company that distributes meat products directly to the consumer in the different neighborhoods of *vía la costa* zone?

YES                      NO

10. How often do you make a barbecue?

Frequency	respond
Weekly	
Monthly	
Quarterly	
Biannual	
Annual	
Other Frequency	

11. What days do you prefer to make a barbecue?

Frequency			
Thursday	Friday	Saturday	Sunday

12. Usually Where do you buy the meat products to make a barbecue?

Frequency		
Supermarket	Distributor	Traditional market

13. When you go to buy meat products for grilling, what it is the first thing that you look?

First perspective to buy		
Quality	Place	Price

14. The last time you made a grill in your house, how much did the barbecue cost which was delivered you at home for about 6 people?

Price	Respond
Between \$ 25 to \$ 30	
Between \$ 30 to \$ 35	
Between \$ 35 to \$ 40	
Between \$ 40 and \$ 50	
More than \$ 50	

15. Would you like meat products to be delivered to your home? \*

YES                      NO

16. If your answer was NO, choose one of the detailed reasons below

Option	Respond
Affects the price of the product	
I prefer to buy it personally	
The origin of product quality	

17. Usually, which of the following meat products make up most of your barbecue?

Kind of meat			
Beef	Poultry	Pork	Sausages

18. At the time of making the purchase of meat products for grill. Do you look at the specific steak of it?

YES No

19. What kind of beef steaks are your preference when making a grill?

Beef steaks	Respond
Loin	
Rib- eye	
Short Rib	
Porter House (T- Bone)	
Meat pulp	
Top Sirloin	

20. Of the previous steaks, what kind of thickness do you prefer?

Thickness	
Thickness ¾ inch	Thin 1 inch

21. Would you like meat products for grilling to be delivered at home?

YES No

22. Do you consider that it is a more convenient media to make your purchase order through a website or telephone?

Media		
Web Site	By telephone	Other

23. What payment method do you use to pay home delivery products?

Payment Method		
Credit card	Cash	Electronic Money

24. How much would you be willing to pay for 1 kg of the following beef cuts?

Beef Steaks	Between \$ 16 to \$ 22	Between \$ 22 to \$ 26	Between \$ 26 to \$30
Loin			
Rib- eye			
Short Rib			
Porter House (T- Bone)			
Meat pulp			
Top Sirloin			

## Survey results

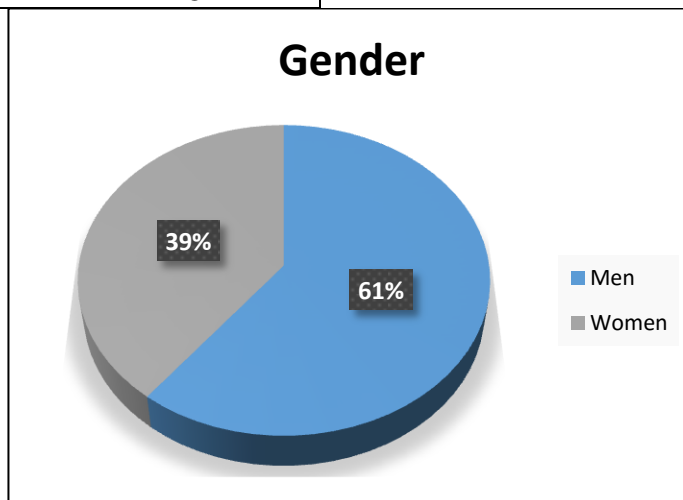
### General data of the people surveyed

#### Percentage of distribution to be surveyed per neighborhood

Neighborhood	Families	Weight percentage	Number of families to be surveyed per neighborhood
Valle Alto	451	11,14%	28
Vía al Sol	281	6,94%	17
Terranostra	394	9,73%	24
Arcadia	84	2,08%	5
Punta Esmeralda	167	4,13%	10
Portofino	94	2,32%	6
Belohorizonte	539	13,32%	33
Casa Club	49	1,21%	3
PortoVita	49	1,21%	3
Portal al Sol	276	6,82%	17
Torres del salado	68	1,68%	4
Bosques de la Costa	68	1,68%	4
Puerto Azul	1528	37,75%	95
<b>Total</b>	<b>4048</b>	<b>100,00%</b>	<b>251</b>

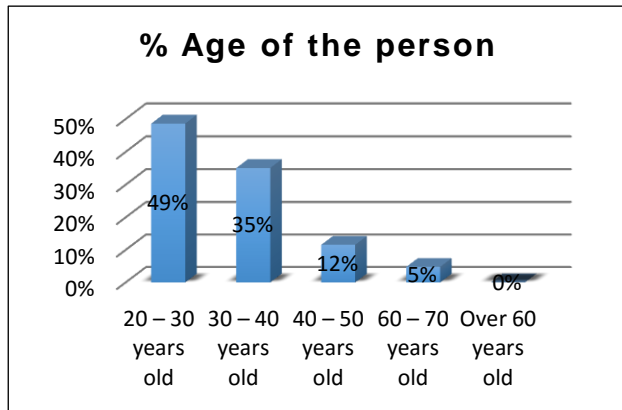
#### 1) Gender of people surveyed

Men	Women
152	99
<b>TOTAL</b>	<b>251</b>



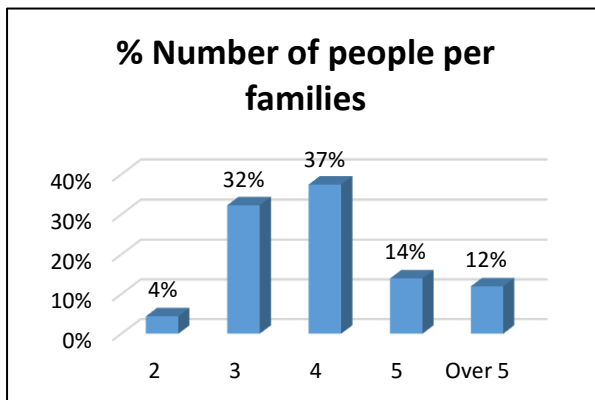
## 2) Age of respondents

Age	People	% People
20 – 30 years' old	122	49%
30 – 40 years' old	88	35%
40 – 50 years' old	29	12%
60 – 70 years' old	12	5%
Over 60 years' old	0	0%
<b>TOTAL</b>	<b>251</b>	<b>100%</b>



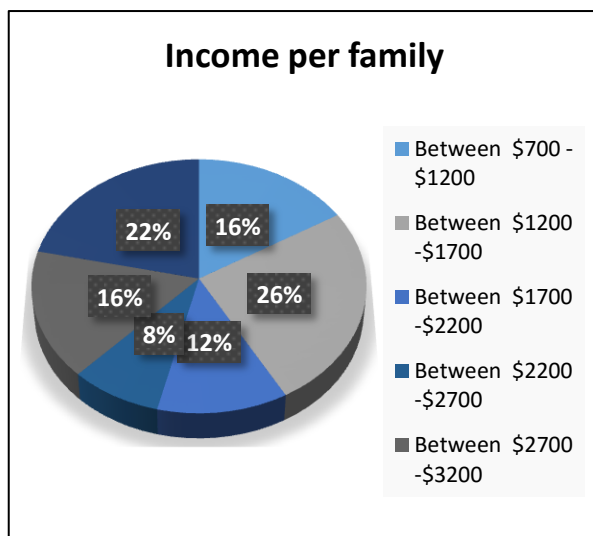
## 3) What is the number of people who make up your family?

Number of people per families	Number of families	% Number of families
2	12	5%
3	81	33%
4	94	37%
5	35	14%
Over 5	30	12%
<b>TOTAL</b>	<b>251</b>	<b>100%</b>



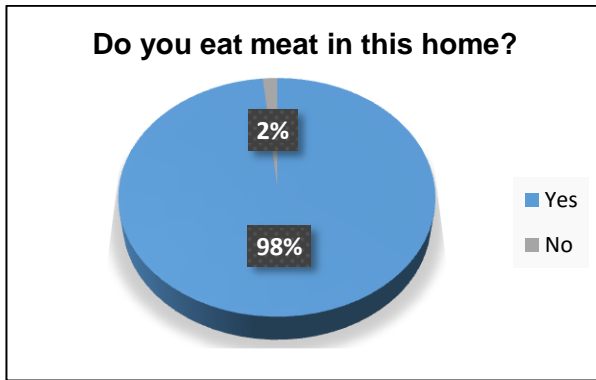
## 4) What is the level of income that your family have?

Income per family	Number of families	% Number of families
Between \$700 - \$1200	41	16%
Between \$1200 - \$1700	64	26%
Between \$1700 - \$2200	30	12%
Between \$2200 - \$2700	21	8%
Between \$2700 - \$3200	41	16%
More than \$ 3200	54	22%
<b>TOTAL</b>	<b>251</b>	<b>100%</b>



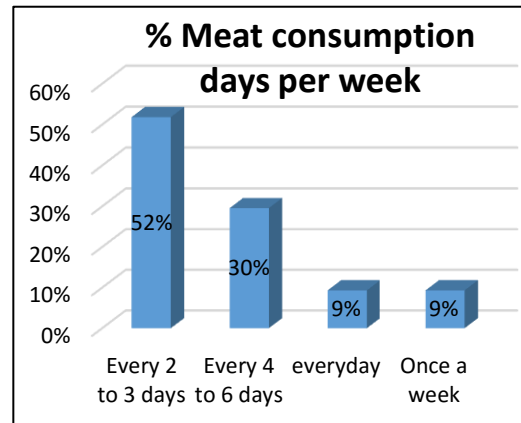
## 5) Do you eat meat in this home? (In the case of being NO, the survey has been completed)

Yes	No
247	4
<b>TOTAL</b>	<b>251</b>



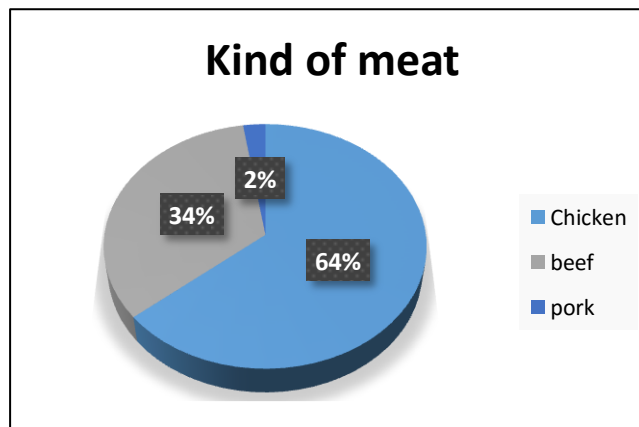
**6) How many times a week do your family eat meat?**

Days per week	Meat consumption days per week	% Meat consumption days per week
Every 2 to 3 days	128	52%
Every 4 to 6 days	73	30%
everyday	23	9%
Once a week	23	9%
<b>TOTAL</b>	<b>247</b>	<b>100%</b>



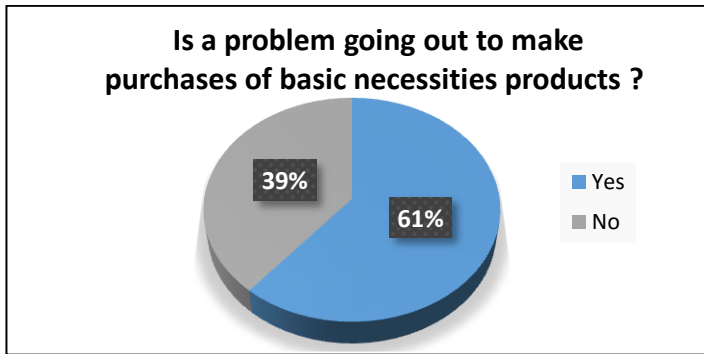
**7) What kind of meat do you consume more?**

Meat	Consume
Poultry	158
beef	83
pork	6
<b>TOTAL</b>	<b>247</b>



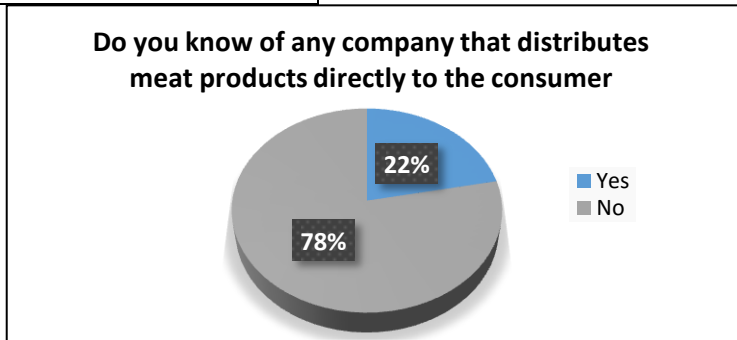
**8) Do you consider that going out for making daily purchase as basic necessities products for your home could be an issue given the geographical sector where you live?**

Yes	No
151	96
<b>TOTAL</b>	<b>247</b>



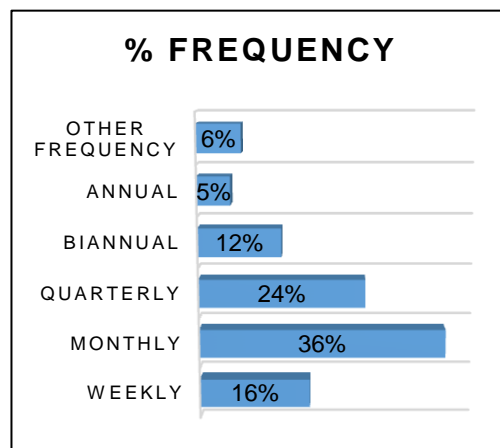
9) Do you know of any company that distributes meat products directly to the consumer in the different neighborhoods of *vía la costa* zone?

Yes	No
54	193
<b>TOTAL</b>	<b>247</b>



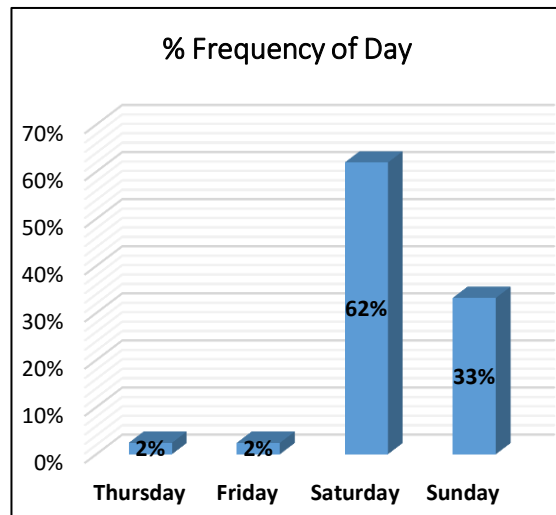
10) How often do you make a barbecue?

Time	Frequency	% Frequency
Weekly	40	16%
Monthly	89	36%
Quarterly	60	24%
Biannual	30	12%
Annual	12	5%
Other	16	6%
Frequency		
<b>TOTAL</b>	<b>247</b>	<b>100%</b>



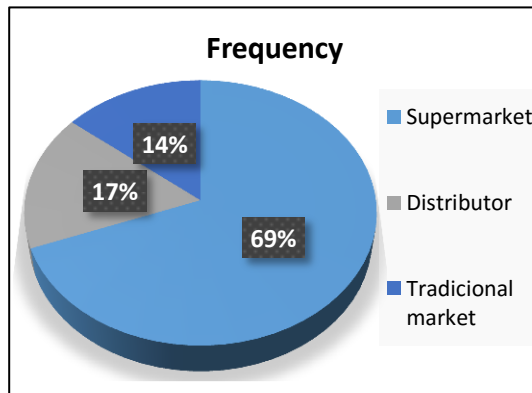
**11) What days do you prefer to make a barbecue?**

Day	Frequency	% Frequency of Day
Thursday	6	2%
Friday	6	2%
Saturday	153	62%
Sunday	82	33%
<b>TOTAL</b>	<b>247</b>	<b>100%</b>



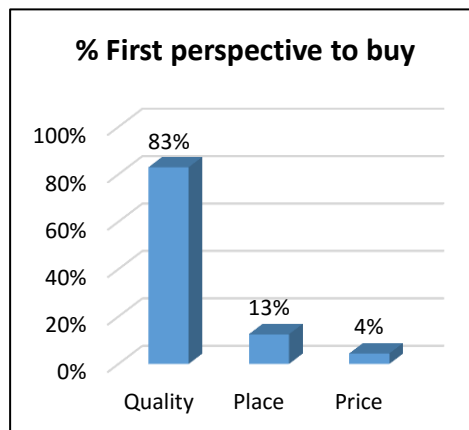
**12) Usually Where do you buy the meat products to make a barbecue?**

Place	Frequency	% Frequency of Day
Supermarket	171	69%
Distributor	41	17%
Traditional market	35	14%
<b>TOTAL</b>	<b>247</b>	<b>100%</b>



**13) When you go to buy meat products for grilling, what is the first thing that you look?**

First perspective to buy	Response	% First perspective to buy
Quality	205	83%
Place	31	13%
Price	11	4%
<b>TOTAL</b>	<b>247</b>	<b>100%</b>





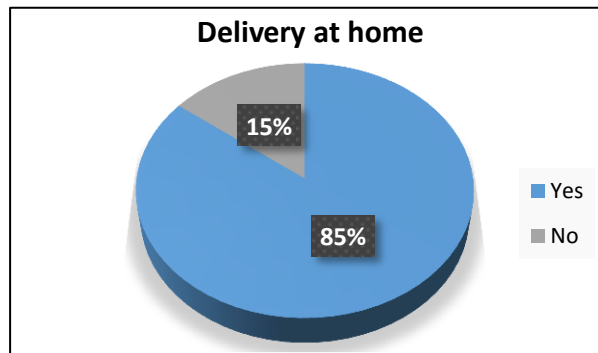
14) The last time you made a grill in your house, how much did the barbecue cost which was delivered you at home for about 6 people?

Price	Price selected	% Price selected
Between \$ 25 to \$ 30	41	17%
Between \$ 30 to \$ 35	35	14%
Between \$ 35 to \$ 40	46	19%
Between \$ 40 and \$ 50	59	24%
More than \$ 50	66	27%
<b>TOTAL</b>	<b>247</b>	<b>100%</b>



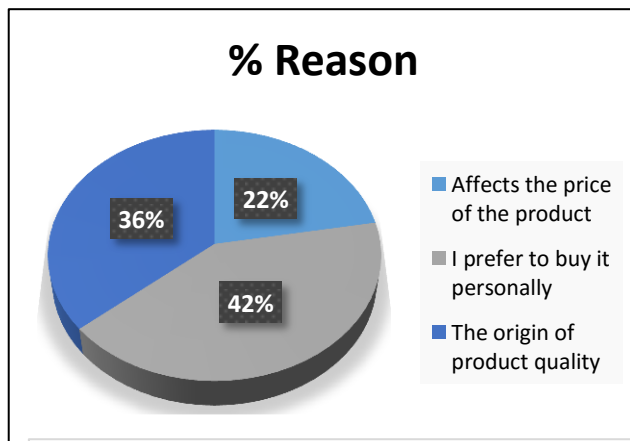
15) Would you like meat products to be delivered to your home?

Yes	No
211	36
<b>TOTAL</b>	<b>247</b>

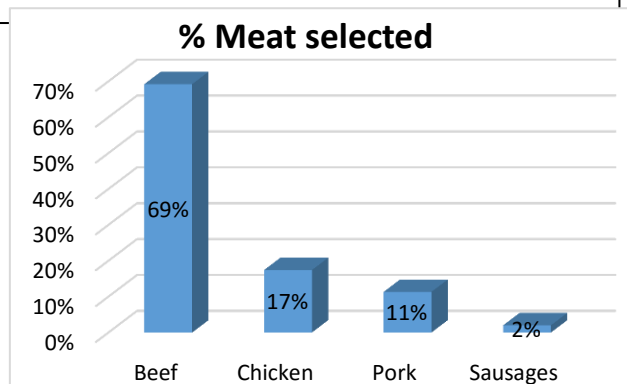


16) If your answer was NO, choose one of the detailed reasons below

Option	Reason	% Reason
Affects the price of the product	8	22%
I prefer to buy it personally	15	42%
The origin of product quality	13	36%
<b>TOTAL</b>	<b>36</b>	<b>100%</b>



17. Usually, which of the following meat products

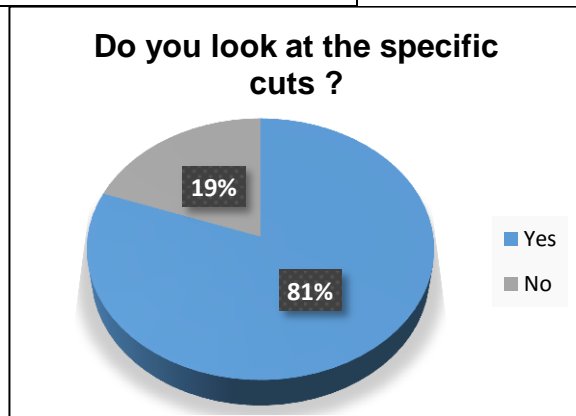


**make up most of your barbecue?**

Kind of meat	Meat selected	% Meat selected
Beef	171	69%
Chicken	43	17%
Pork	28	11%
Sausages	5	2%
<b>TOTAL</b>	<b>247</b>	<b>100%</b>

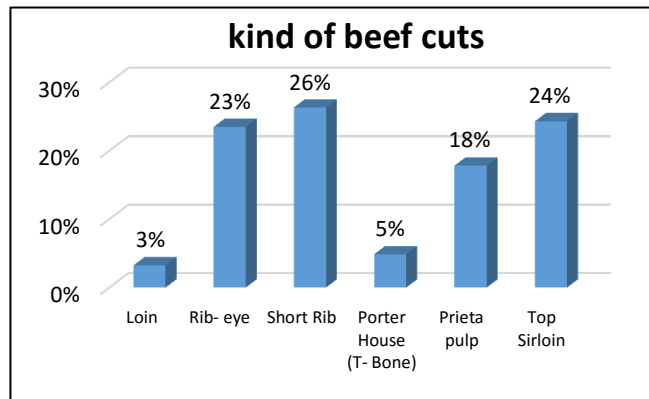
**18. At the time of making the purchase of meat products for grill. Do you look at the specific cuts of it?**

Yes	No
199	48
<b>TOTAL</b>	<b>247</b>



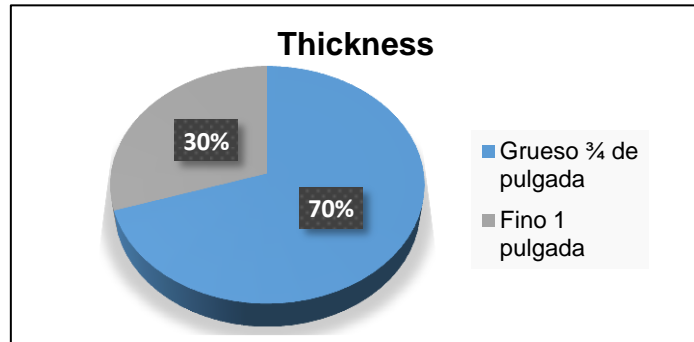
**19. What kind of beef cuts are your preference when making a grill?**

Beef cuts	Number	%
Loin	8	3%
Rib- eye	58	23%
Short Rib	65	26%
Porter House (T- Bone)	12	5%
Meat pulp	44	18%
Top Sirloin	60	24%
<b>TOTAL</b>	<b>247</b>	<b>100%</b>



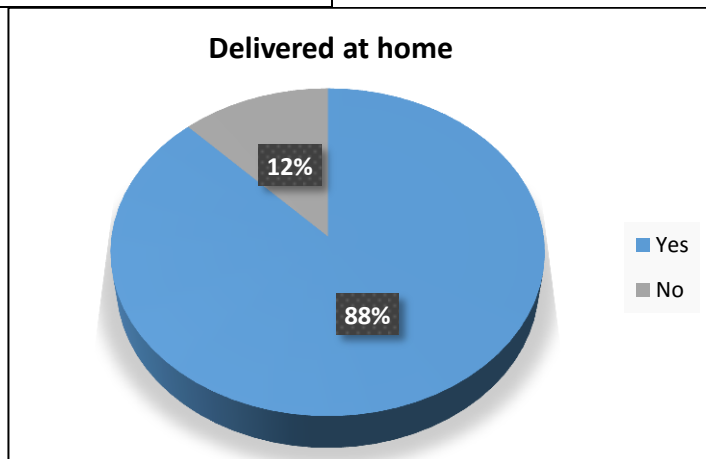
20) Of the aforementioned cuts, what kind of thickness do you prefer?

Thickness	People
Thickness	
¾ inch	173
Thin 1 inch	74
<b>TOTAL</b>	<b>247</b>



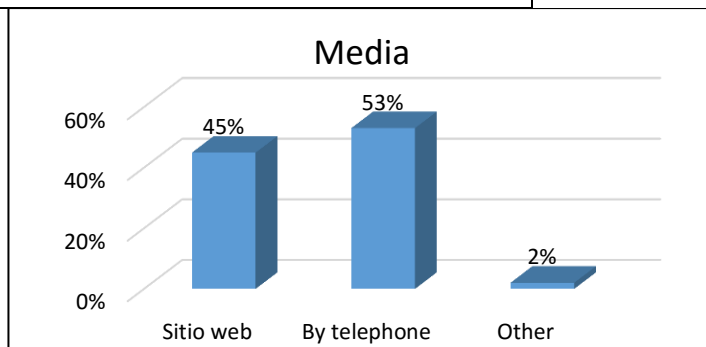
21) Would you like meat products for grilling to be delivered at home?

Yes	No
217	30
<b>TOTAL</b>	<b>247</b>



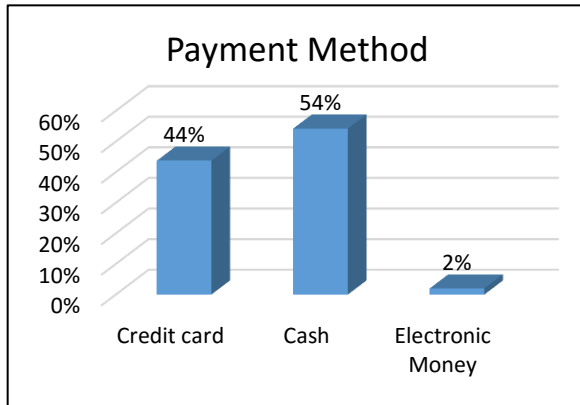
22) Do you consider that it is a more convenient media to make your purchase order through a website or telephone?

Media	People	%
Web Site	111	45%
By telephone	131	53%
Other	5	2%
<b>TOTAL</b>	<b>247</b>	<b>100%</b>



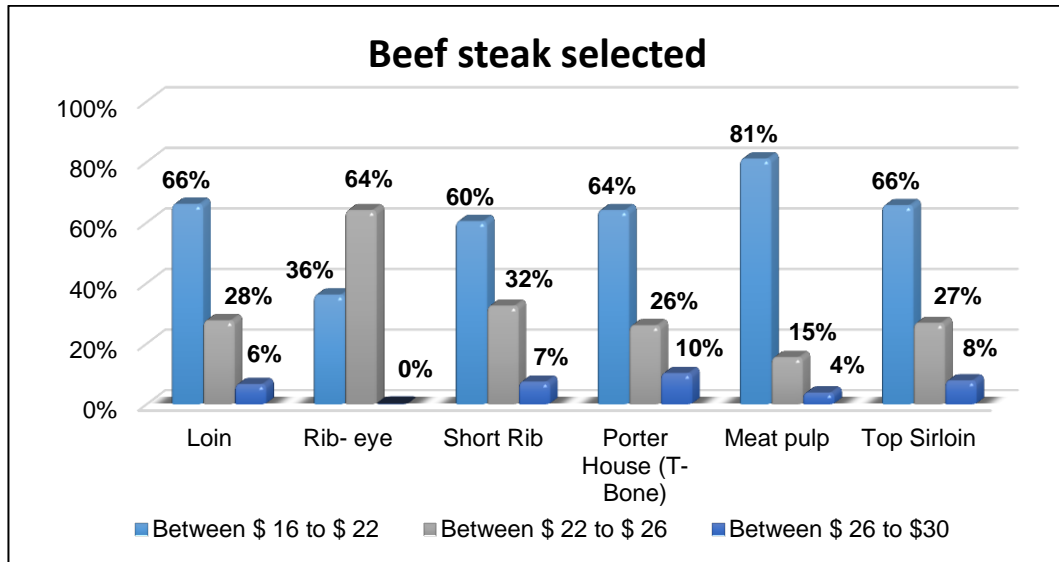
**23) What payment method do you use to pay home delivery products?**

Payment Method	People	%
Credit card	108	44%
Cash	134	54%
Electronic Money	5	2%
<b>TOTAL</b>	<b>247</b>	<b>100%</b>



**24) How much would you be willing to pay for 1 kg of the following beef cuts?**

Beef cuts	Between n \$ 16 to \$ 22	Between n \$ 22 to \$ 26	Between n \$ 26 to \$ 30	Total	Between \$ 16 to \$ 22	Between n \$ 22 to \$ 26	Between n \$ 26 to \$ 30	total
Loin	163	68	16	247	66%	28%	6%	100%
Rib-eye	89	158	0	247	36%	64%	0%	100%
Short Rib	149	80	18	247	60%	32%	7%	100%
Porter House (T-Bone)	158	64	25	247	64%	26%	10%	100%
Meat pulp	200	38	9	247	81%	15%	4%	100%
Top Sirloin	162	66	19	247	66%	27%	8%	100%



## Appendix E. Internal Analysis of Departments

SuCarne SCM							
Internal Analysis of Departments							
Distribution and Trading of nation beef, pork, poultry and sausages							
Procurement	Production	Quality Standrads	Invetory Management	Logistics	Sales	Customer Service	After Sales Services
<p>The procurement process is very simple and they do not diversification on their suppliers due to they depend only on one provider for beef and two other for pork, poultry and sausages</p>	<p>There was not a directly production of meat at this business unit, but exit a handling of meat to obtain meat</p>	<p>As a company, they do not have quality standards established either for the selection of providers or the handling of products.</p>	<p>They do a manual count and registration of all the meat stocked, they have on the freezer chamber.</p>	<p>The logistic was done by a truck driver and a dispatcher of meat. The activity begins at 8 am to 2 pm.</p>	<p>Sales are done by the 14 sellers that the company have by organizing the places by sectors and seniority</p>	<p>The 49% of the order were not completely satisfied to the customers due to the lead time of delivery, incomplete quantities or miss understood orders.</p>	<p>They do not care about the customer loyalty or retention through keep in touch with their main clients</p>
<p>Beef: Distribution SOLIS; Poultry: Liris, Pronaca, Faina; Pork: Liris, Pronaca, Faina; Sausages: Liris and Faina</p>	<p>steaks according to customers' orders</p>	<p>They manage basic knowledge of cold chain.</p>	<p>They did not verify the purchased pounds and kilos their supplier give to the meat</p>	<p>Beef order are arranged at the distributor place and without as specific plan</p>	<p>Sellers must bring 15 order from current clients and 5 from new ones</p>		

## Appendix F. Products Description

Codes	Description
<b>POULTRY</b>	
101	Poultry breast Fillet
<b>PORK</b>	
201	Pork Rib-chops
202	Pork Loin
203	Pork Boston butt
<b>BEEF</b>	
301	Loin
302	Rib- eye
303	Short Rib
304	Porter House (T- Bone)
305	Meat pulp
306	Top Sirloin
<b>SAUSAGES</b>	
401	Cuencan
402	Argentina
403	Brewery

## Appendix G. Purchase Order Response

Supplier	Faina				
Document	Pre-invoice				
Document Date	02-may-17				
Status	Steaks	% steaks	Value	% value	
invoiced	10	71%	\$ 160,00	71%	
not invoiced	4	29%	\$ 64,00	29%	
<b>Total</b>	<b>14</b>	<b>100%</b>	<b>\$ 224,00</b>	<b>100%</b>	
Code	Steaks Description	Comment	KG	Value per steak	
1234	Loin	Available for Billing	1	\$ 16,00	
2345	Meat pulp	Available for Billing	1	\$ 16,00	
3455	Rib-eye	Available for Billing	1	\$ 16,00	
4567	T-bone Steak	Available for Billing	1	\$ 16,00	
5678	Sirloin steak	Available for Billing	1	\$ 16,00	
9876	Short Rib	Available for Billing	1	\$ 16,00	
6543	Cuencan sausages	Not Available for Billing	1	\$ 16,00	
3214	Fillet poultry	Not Available for Billing	1	\$ 16,00	
6578	Argentina sausages	Not Available for Billing	1	\$ 16,00	
4523	Brewery sausages	Not Available for Billing	1	\$ 16,00	
<b>TOTAL</b>			<b>10</b>	<b>\$ 160,00</b>	

**Appendix H. Supplier self-assessment questionnaire**

**A) GENERAL INFORMATION**

<b>Company Name</b>	
<b>Company address in local language</b>	
<b>Telephone and Fax</b>	
<b>Associated company</b>	
<b>Company Website</b>	
<b>Contact person</b>	
<b>Title</b>	

<b>Factory ownership:</b>	<b>Private</b>	<b>Public</b>	<b>State-Run</b>	<b>Other</b>

<b>Company Person</b>	<b>Responsible</b>	<b>Name</b>	<b>Title</b>	<b>Email</b>
Management				
Production				
Sales				
Export				
Purchasing				
Quality				

**B) FACTORY PROFILE**

<b>Date established</b>				
<b>No. Business license</b>				
<b>Last year's turn over</b>				
<b>company is</b>	<b>Factory</b>	<b>Trading</b>	<b>Both</b>	<b>Other (explain)</b>

**\*If your answer is factory or both please reply the following**

<b>Factory size in square meters</b>	
<b>Number or buildings</b>	
<b>Factory building (s) owned or rented?</b>	
<b>Does the factory have export license or uses a trading company not owned by the factory</b>	



	Yes	No	Please specify
<b>Has the factory has any qualification or is certified</b>			

\* Please send us the following documentation if you have it. Business license, Export license, Bank certificate, Tax registration, Organization business certificate, Legal representative ID, If you have any certifications like ISO, or so, please include it.

### C) STAFFING

<b>Total Number of full time employees</b>	
<b>Total Number of part-time employees</b>	
<b>Number of Manufacturing employees</b>	
<b>Number of QA/QC employees</b>	
<b>Number of employees in sales</b>	
<b>Number of employees in export department</b>	
<b>Number of engineers</b>	
<b>Number of R&amp;D employees</b>	

### D) SUPPLIERS INFO

Please list major suppliers & sub-contractors of your factory and the process & product provided.

<b>Supplier &amp; Sub-contractor</b>	<b>Product or Process</b>

### E) PRODUCTS MANUFACTURED

<b>Main Product Categories</b>	<b>Max. Capacity/Month (pcs)</b>	<b>Lead Time (Days)</b>	<b>Certification / Approvals</b>

**F) PRODUCT PROCESS & QUALITY CONTROL PLAN**

		Yes	No	Comments
Is there an approved suppliers list?				
Does company have a supplier audit system?				
Production Process	Sanitary Inspections	Quality control		No.of QC
		Inspection Item	Insp. Frequency	

**Appendix I. Request for quote**

<b>Date:</b>				
<b>Company:</b>				
Address:				
Country:				
Contact person:				
E-mail 1:				
E-mail 2:				
Tel No/:				
<b>1) Product Description</b>				
Type of product/ material	Characteristics	Weight KILOS	Quantity	MEAT CUT

## Appendix J. Purchase Order template

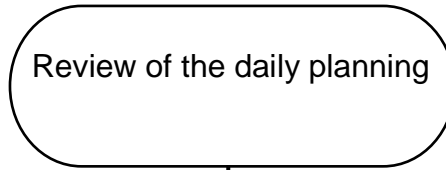
<b>DISTRIBUIDORA DE CARNES Y ALIMENTOS SUCARNE S.A.</b>				N° Correlativo <b>000001</b>
RUC:				
Dirección: Urdesa Central. Ave. Las Lomas #405 entre 4ta y 5ta				
Teléfono: 04 - 238 65 88				
E-Mail: infosucarne@hotmail.com				
Guayaquil - Ecuador				
Fecha: _____ / _____ / _____			Código Cte: _____	
Nombre del cliente: _____			Teléfono: _____	
Razon Social: _____				
Dirección: _____				
Asesor Cármico: _____				
Codigo	Descripción	Unidades	Libras	Observaciones
<b>POLLOS</b>				
104	FILETE DE PECHUGA			
<b>CERDO</b>				
203	CHULETERO CENTRO			
204	NUCA DE CERDO			
205	COSTILLA DE CERDO			
<b>RES</b>				
301	BIFE DE CHORIZO			
302	AGUJA			
303	PULPA PRIETA			
304	T-BONE			
305	PICAÑA			
306	COSTILLAS DE RES			
<b>EMBUTIDOS</b>				
401	CUENCANO			
402	CERVECERO			
403	ARGENTINO			
<b>ADICIONALES</b>				
501				

**Appendix K. Process flow diagram of operations area**

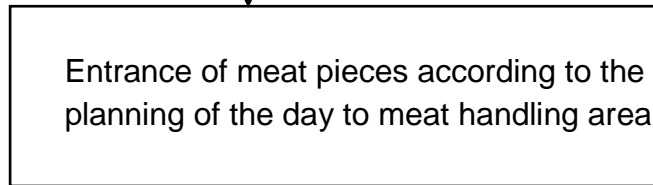
**Responsible**

**Flow Chart**

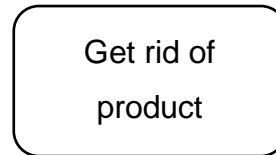
Meat Operators



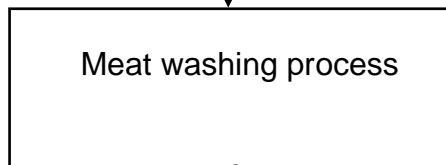
Dispatcher



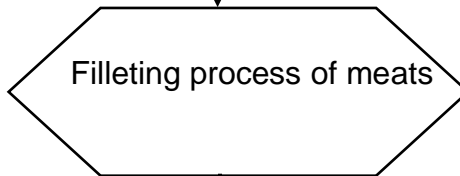
Meat Operators



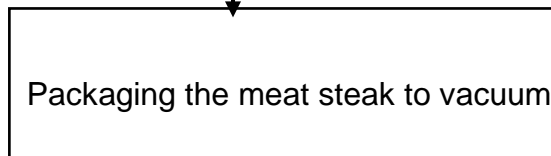
Meat Operators

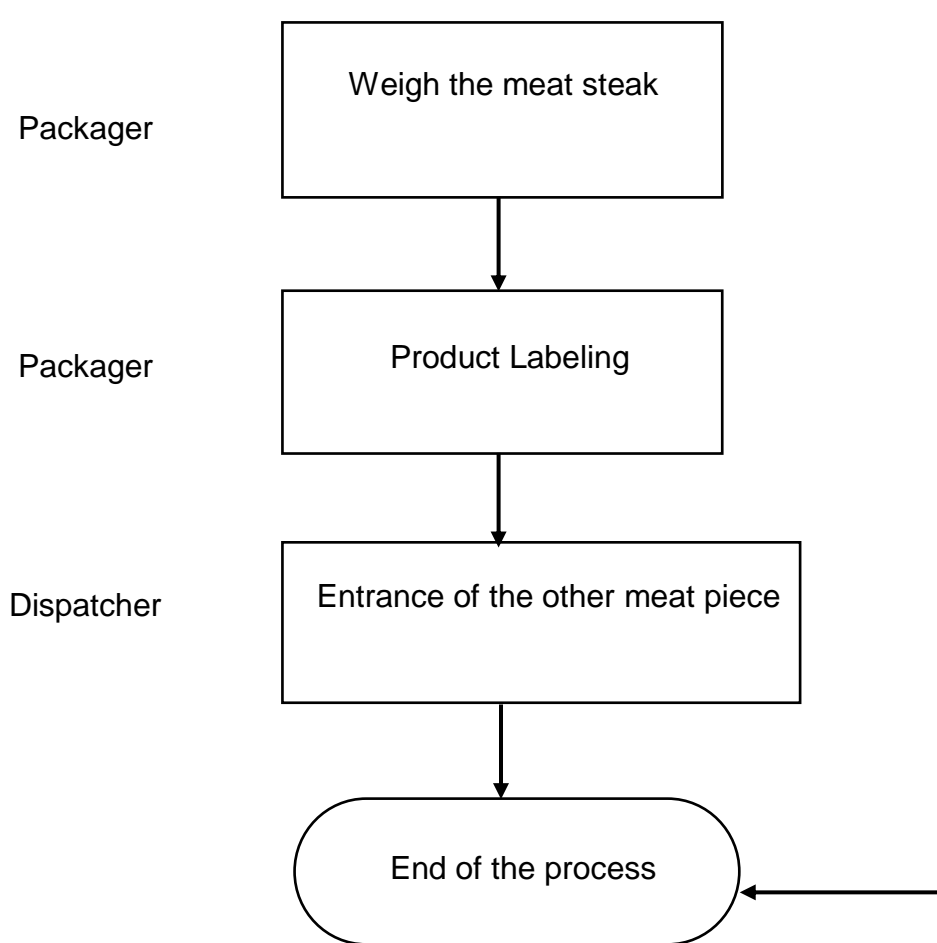


Meat Operators



Packager



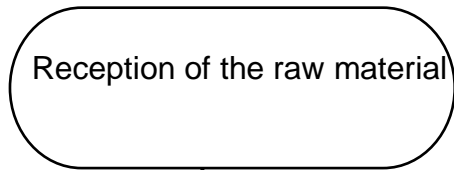


**Appendix L. Process flow diagram of distribution area**

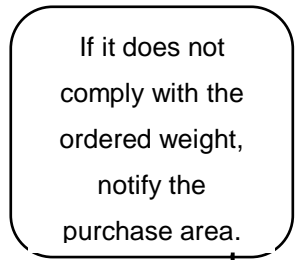
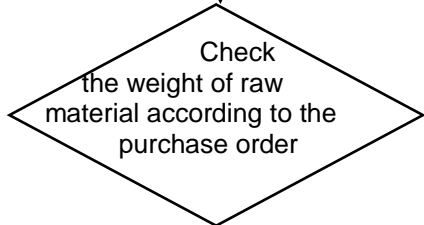
**Responsible**

**Flow Chart**

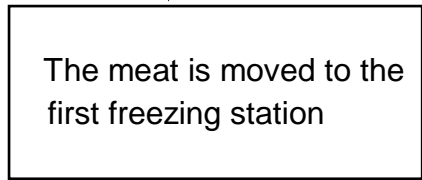
Meat Operators



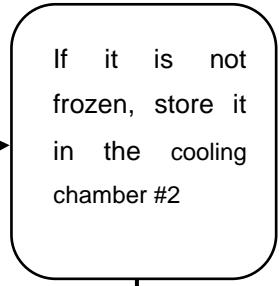
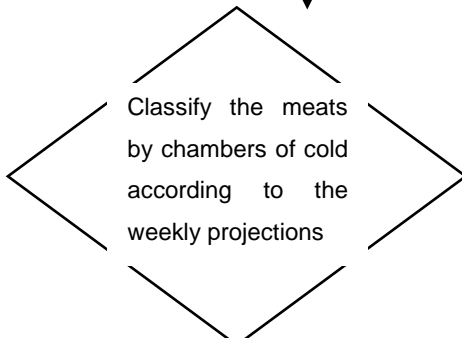
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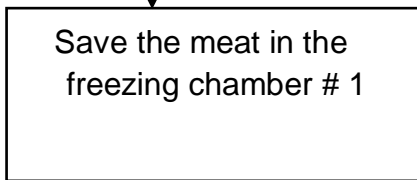
Meat Operators

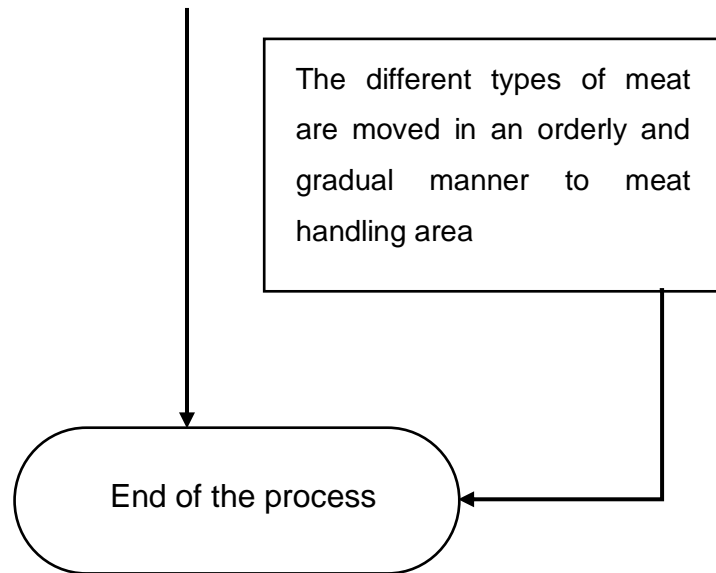


Meat Operators



Meat Operators







## Appendix M. ABC Categorization of Raw Materials and Inputs

Code	Item	Product Line	Total Unit	Total pounds	Net value of money	%	Accu. %	Category	
<b>Meat</b>									
	Loin	raw material				2,16%	2,23%	<b>A</b>	
	Rib- eye	raw material				15,66%	17,90%		
	Short Rib	raw material				17,55%	35,45%		
	Porter House (T-Bone)	raw material				3,24%	38,69%		
	Prieta pulp	raw material				11,88%	50,57%		
	Top Sirloin	raw material				16,20%	66,77%		
	<b>Total Meat</b>	raw material				<b>66,70%</b>			
<b>Poultry</b>									
	Poultry Steak	raw material				<b>17%</b>	<b>43%</b>	<b>B</b>	
<b>Pork</b>									
	Pork Steak	raw material				<b>11%</b>	<b>28%</b>		
<b>Sausages</b>									
	Sausages					<b>3%</b>	<b>2%</b>		
<b>Packing materials</b>									
	Pleated heat-seal rolls	Packaging				0,5%	0,5%		
	Packing tape	Packaging				0,5%	1,0%		
	stickers	Packaging				0,5%	1,5%		
	cartons	Packaging				0,5%	2,0%		
	<b>Total Packing materials</b>	Packaging				<b>2,0%</b>			
<b>Cleaning supplies</b>									
	Garbage bags	Cleaning				0,03%	0,03%		
	Bath pills	Cleaning				0,01%	0,04%		
	Broom	Cleaning				0,01%	0,05%		
	Dustpan	Cleaning				0,01%	0,06%		
	Toilet paper package	Cleaning				0,02%	0,08%		
	Detergent	Cleaning				0,01%	0,09%		

Code	Item	Product Line	Total Unit	Total pounds	Net value of money	%	Accu. %	Category	
	Bottle of chlorine	Cleaning				0,01%	0,10%		
	Antibacterial soap	Cleaning				0,05%	0,15%		
	bar soap	Cleaning				0,05%	0,20%		
	<b>Total Cleaning supplies</b>					<b>0,20%</b>			
	<b>Office supplies</b>								<b>C</b>
	Stationery	Office				0,05%	0,05%		
	pens	Office				0,01%	0,06%		
	computers	Office				0,01%	0,07%		
	Staplers	Office				0,03%	0,10%		
	<b>Total office supplies</b>	Office				<b>0,10%</b>			
	<b>Total</b>						<b>100,00%</b>		

## Appendix N. Meat Local Market Risk

PERCENTAGE VARIANCE OF MEAT PRICES SINCE THE YEAR 2015		
ene-00		4,27%
feb-15		6,34%
mar-15		6,38%
abr-15		7,81%
may-15		8%
jun-15		7,68%
jul-15		7,56%
ago-15		7,10%
sep-15		7,61%
oct-15		6,86%
nov-15		5,73%
dic-15		7,39%
ene-16		-0,84%
feb-16		-0,84%
mar-16		-1,32%
abr-16		-1,75%
may-16		-0,92%
jun-16		-1,44%
jul-16		-1,28%
ago-16		-1,51%
sep-16		-1,72%
oct-16		-2,16%
nov-16		-2,71%
dic-16		-2,10%
ene-17		-0,44%
feb-17		-0,02%
mar-17		-0,04%
abr-17		1,33%
may-17		0,94%
jun-17		0,93%
MKT		2,23%
	0,00156773	VARIANCE
	0,0402714	STANDARD DEVIATION
	<b>4,03%</b>	<b>MEAT LOCAL MARKET RISK</b>

## Appendix O. Project Risk

Project Scenarios Variation		
0	\$	467.840,71
1	\$	527.226,656
2	\$	586.612,601
3	\$	645.998,547
4	\$	705.384,493
5	\$	764.770,438
6	\$	824.156,384
7	\$	883.542,330
8	\$	942.928,275
9	\$	1.002.314,221
10	\$	1.061.700,167
11	\$	1.121.086,112
12	\$	1.180.472,058
13	\$	1.239.858,004
14	\$	1.299.243,949
15	\$	1.358.629,895
16	\$	1.418.015,841
17	\$	1.477.401,786
18	\$	1.536.787,732
19	\$	1.596.173,678
20	\$	1.655.559,623
21	\$	1.714.945,569
22	\$	1.774.331,515
23	\$	1.833.717,460
24	\$	1.893.103,406
25	\$	1.952.489,352
26	\$	2.011.875,297
27	\$	2.071.261,243
28	\$	2.130.647,189
29	\$	2.190.033,134
30	\$	2.249.419,080
	PROJECT	5,41%
0,000696681	VARIANCE	
0,026845943	STANDARD DEVIATION	
2,68%	PROJECT RISK	
INCOME		
<b>pessimistic Scenario</b>	<b>\$</b>	<b>467.840,71</b>
<b>optimistic scenario</b>	<b>\$</b>	<b>2.249.419,08</b>
<b>Difference</b>	<b>\$</b>	<b>59.385,946</b>



## DECLARACIÓN Y AUTORIZACIÓN

Nosotros, **Mora Torosine, Ricardo Rubén; Rodríguez Espinoza María Fernanda**, con **C.C: # 0931300248; C.C: #0931598692** autores del trabajo de titulación: **Business proposal for improving the supply chain management in order to open a new distribution channel for SuCarne Inc.** previo a la obtención del título de **Ingeniero en Gestión Empresarial Internacional** en la Universidad Católica de Santiago de Guayaquil.

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**Mora Torosine Ricardo Rubén**

**C.C: 0931300248**

f. 

**Rodríguez Espinoza María Fernanda**

**C.C: 0931598692**



## REPOSITORIO NACIONAL EN CIENCIA Y TECNOLOGÍA

### FICHA DE REGISTRO DE TESIS/TRABAJO DE TITULACIÓN

TEMA Y SUBTEMA:	Business proposal for improving the supply chain management in order to open a new distribution channel for SuCarne Inc.		
AUTOR(ES)	Mora Torosine, Ricardo Rubén y Rodríguez Espinoza, María Fernanda		
REVISOR(ES)/TUTOR(ES)	José Antonio Hidalgo Molina		
INSTITUCIÓN:	Universidad Católica de Santiago de Guayaquil		
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ÁREAS TEMÁTICAS:	Logística, Finanzas, Marketing		
PALABRAS CLAVES/KEYWORDS:	Supply chain, SCOR Model, value chain, distribution channel, market segment, new portfolio of product and diversification.		
RESUMEN/ABSTRACT:	<p>This project involves the improvement of the supply chain management (SCM) of SuCarne Inc. based on the SCOR Model that enhance its value chain linked to external actors through a new distribution channel as e-tailing, which allows the company to be integrated directly to the consumer. The research design used was non-experimental applying a mixed approach as quantitative for demonstrating the financial indicators-statistical method and qualitative to collect interviews and qualify suppliers. The sampling method is not probabilistic-purposive by focusing on a specific market segment as 13 neighborhoods from Via a la Costa Km 9,8 to 21,5. The study also includes a business proposal in order to ensure the adjustment made on the SCM by developing a new portfolio of products for a new social target being specialist on grill meat steaks. The results obtained are positive that embraces an IRR of 36,34 % and a VPN of \$33.811,14 for a WACC discount rate of 22,58% calculated by an average of the Beta coefficient, market return, project return on the three scenarios and the loan financial entity rate.</p>		
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CONTACTO CON AUTOR/ES:	Teléfono: 0985881505 y 2208783	E-mail: <a href="mailto:ricardomorat95@gmail.com">ricardomorat95@gmail.com</a> y <a href="mailto:maferrodries10@gmail.com">maferrodries10@gmail.com</a>	
CONTACTO CON LA INSTITUCIÓN (COORDINADORA DEL PROCESO UTE):	Nombre: Román Bermeo, Cynthia Lizbeth		
	Teléfono: +593-4-3804600 Ext. 1637		
	E-mail: <a href="mailto:cynthia.roman@cu.ucsg.edu.ec">cynthia.roman@cu.ucsg.edu.ec</a>		
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