



**SAVONIA**

# **STRENGTHS AND WEAKNESSES IN BUSINESS PROCESSES OF ANHUI COOL-BABY CHILDREN PRODUCTS CO. LTD.**

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Abstract			
Anhui Cool-baby Children Products Co. Ltd. is a manufacturer specialized in R&D, production and sales of baby products. The company's main products are baby stroller, playpen, bed and cradle.			
Business processes of the company contain management processes (like corporate governance and strategic management), operational processes (like purchasing, manufacturing, marketing and sales) and supporting processes (like accounting and finance, and HRM).			
The objectives of the thesis were to find out the strengths and weaknesses in business processes of Anhui Cool-baby Children Products Co. Ltd., and then to give some suggestions to improve the business processes of the case company.			
The research methods included qualitative research and quantitative research. In the qualitative research, the department managers of the case company were interviewed via video applications. The online questionnaires were sent to the staff members of the case company in quantitative research.			
The results of the questionnaire survey and interviews were analyzed and the strengths and weaknesses in business processes of Anhui Cool-baby Children Products Co. Ltd. were found after the research. The suggestions which were given to Anhui Cool-baby Children Products Co. Ltd. contained the general suggestions to the whole company and suggestions that depended on the situations of different departments of the case company.			
As a result of the research, the business processes of a company were learnt and the researcher got the general ideas of how to improve the business processes of the company.			
Keywords			
Business processes, purchasing, manufacturing, marketing and sales, accounting and finance, HRM, strengths and weaknesses, suggestions.			

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## **1 INTRODUCTION**

### **1.1 Objectives of the research**

The researcher has worked in Anhui Cool-Baby Children Products Co. Ltd. (Cool-Baby) for about five months in 2010 and 2013 and got a general idea of the business processes of the case company. The research question of the thesis is: **What are the strengths and weaknesses in business processes of Anhui Cool-Baby Children Products Co., Ltd.?** The research was aiming at finding out the strengths and weaknesses in the business processes of Cool-Baby and giving some suggestions to improve the business processes of Cool-Baby.

At first, the business processes of the company needed to be learned. Then the suitable research methods were chosen to find out the strengths and weaknesses in business processes of the case company. The research methods contained qualitative research which was interview and quantitative research which was questionnaire survey. After collecting and analyzing the research results, some suggestions were given to improve the business processes of the case company. The suggestions were given depending on the situations of different departments of Cool-Baby and there were also some general suggestions which were given to the whole company.

### **1.2 Anhui Cool-Baby Children Products Co. Ltd.**

Anhui Cool-baby Children Products Co. Ltd. was established in November 2006 and is located in Luan City, Anhui Province, China. The company is a manufacturer specialized in R&D, production and sales of baby products. The company's main products are baby strollers, playpens, beds and cradles. All the products have passed the National CCC, CE, and ISO9001:2008 Quality System Authentication. (Cool-Baby official website 2012.)

In Figure 1, there are some pictures of Cool-Baby's products.



FIGURE 1. Main products of Cool-Baby (Cool-Baby official website 2012)

There are over six hundred employees including one hundred and twenty professional technicians in Cool-Baby. And the turnover of Cool-baby was around 110 million RMB in 2013. The corporate structure of Cool-Baby is shown in Figure 2.

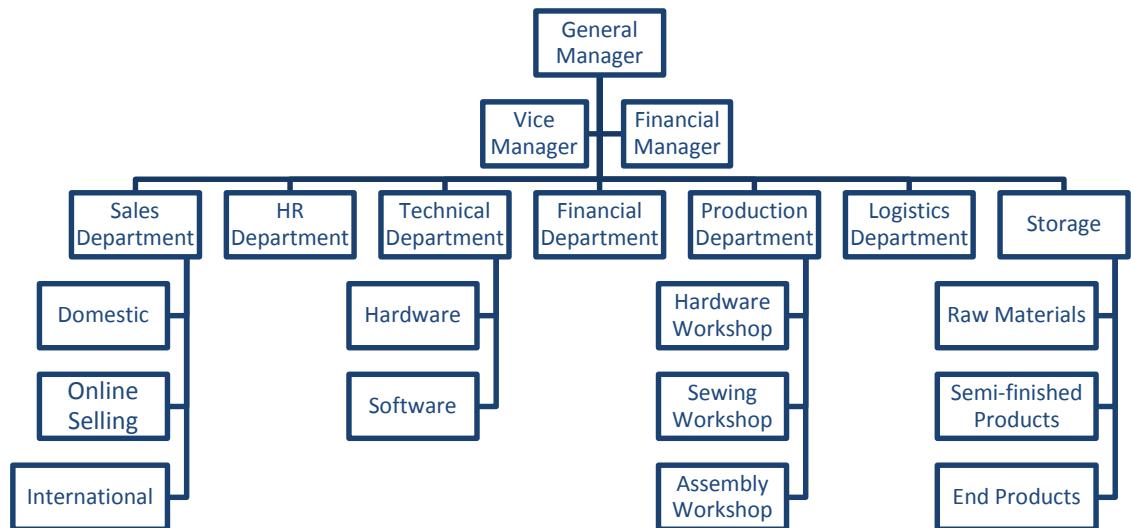


FIGURE 2. Corporate Structure of Cool-Baby

Cool-Baby divides its markets into two parts: domestic market and international market. There are two sales channels in domestic market. The company sells its products to domestic distributors and retailers and sells online to individual domestic customers. The international market is Cool-Baby's main target market. Cool-Baby works with many foreign distributors all over the world and the products are exported to South-East Asia, Middle East, South America, Europe and other areas.

### 1.3 Definition of business process

A business process is a collection of related, structured activities or tasks that produce a specific service or product (serve a particular goal) for a particular customer or customers. A business process begins with a mission objective and ends with achievement of the business objective. (Wikipedia. Business process 2014.)

Marketing and sales functions are needed in every corporate, no matter the size of the corporate. When a corporate starts the business, it must refer to finance and that is why the accounting function is also needed. The complexity of the business processes depends on the business size of the corporate.

So the five core business processes for small businesses are as follows: (Anderson 2009.)

- Sales & Marketing
- Accounting & Technology
- Quality & Product/Service Delivery
- Management, HR & Finance
- Product Development.

And the ten core business processes for large businesses contain: (Anderson 2009.)

- Customer Strategy & Relationships (Marketing)
- Employee Development & Satisfaction
- Quality, Process Improvement & Change Management
- Financial Analysis, Reporting, & Capital Management
- Management Responsibility
- Customer Acquisition (Sales)

- Product Development
- Product/Service Delivery
- Accounting Management
- Technology Management.

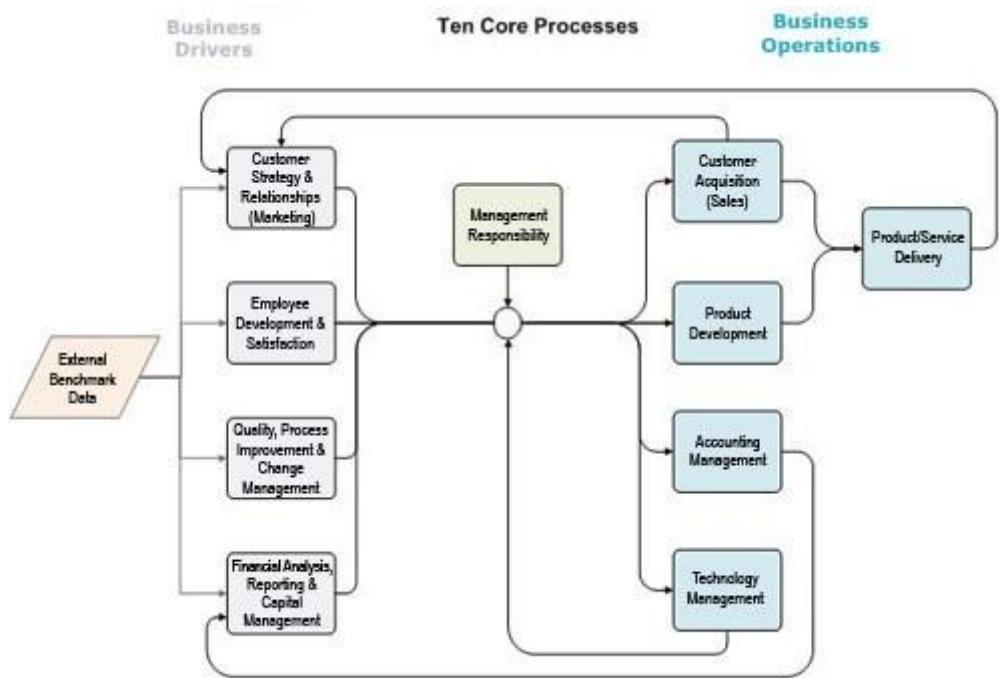


FIGURE 3. Ten core business processes (Anderson 2009)

Figure 3 shows the relationship of ten core business processes of a large corporate. Generally speaking, business processes include management processes, operational processes and supporting processes. Management processes are processes of governing and managing a company, such as corporate governance and strategic management. Operational processes contain the processes of operating the core business of a corporate and creating the value, like purchasing, manufacturing, marketing and sales. Supporting processes support the management processes and operational processes. Accounting and finance, and HRM all belong to supporting processes. (Wikipedia. Business process 2014.)

## 2 MANAGEMENT PROCESSES OF THE COMPANY

Management processes are processes of governing and managing a company. These processes control the whole company and make sure the company can be operated in order. Management process decides the core value, mission, and targets of a company. *Corporate governance* and *strategic management* are two typical management processes. (Wikipedia. Business process 2014.)

### 2.1 Corporate governance

Corporate governance is a very broad concept, it could contain: (MBAlib. Corporate governance 2014.)

- Controlling and leading the whole company.
- Making the rules and the whole staff should obey them.
- Dealing with the relationship among directors, managers and shareholders.
- Making the best use of investments and getting maximum profits.

There are many participants involved in a corporation, such as directors, managers, shareholders, employees, investors, suppliers, customers and so on. Some of them take part in the corporate governance and make decisions. Figure 4 shows the structure of corporate governance.

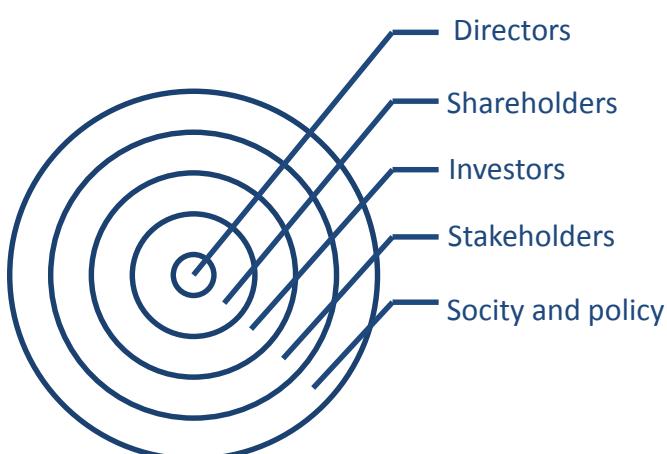


FIGURE 4. Structure of corporate governance

Principles of corporate governance have many factors: honesty, trust, openness, responsibility, mutual respect and promise to the corporate. The most important thing is that directors and managers should set good examples for other participants of the company. The basic principles of corporate governance are as follows: (Baidu. Baike. Corporate governance 2014.)

- Structure of corporate governance needs to protect the benefits of shareholders.
- Treat all the shareholders equally, including the minority shareholders and foreign shareholders.
- Confirm the rights of stakeholders of the company and encourage them to cooperate with the company.
- Make sure all the important information about the company will be announced timely and exactly, including financial situation, operating performance, ownership structure and corporate governance situation.
- Board of Directors needs to direct the company's strategy and have an effective control over the operating layer.

## **2.2 Strategic management**

Strategic management is a dynamic process which an enterprise determines its mission, sets the strategic objectives according to the external environment and internal environment of the company, makes plans and relies on the internal capacity of the company to achieve the objectives and takes control of the implementation process and the results. Strategic management is taken by top management of a company on behalf of owners.

### **Features of strategic management**

Strategic management is comprehensive. Corporate strategic management takes the whole corporate as the object, and it is made on the base of corporate's total development needs. Strategic management does not emphasize the importance of one single department, it coordinates every department's performance of the corporate and makes contributions to the mission, objective and strategy of the corporate. (MBAlib. Strategy management 2014.)

Subject of strategic management is corporate's senior management. Even the strategic management refers to every aspect of a corporate and needs the participation and support of every member of the corporate and what is really important is the intervention of corporate's senior management, because they know the overall situation of the corporate and what's more, they have the power of distributing the resources needed. Strategic management refers to the configuration issues of corporate's resources. Human resources, fixed assets and capitals are all corporate's resources. Sufficient corporate's resources are the guarantee of the implementation of a strategic management. (MBAlib. Strategy management 2014.)

Strategic management is a long-term process. Strategic decision in strategic management makes the development plan of a corporate in a certain long period (about three years). A corporate must prepare for the changes in the changing and competitive future environment, so the corporate needs a long-term strategic plan.

Strategic management needs to take the factors in outside environment of the corporate into account. There are many factors that affect the development of the corporates. Those factors in outside environment that corporates cannot control must be considered, such as competitors, customers, investors and government. (MBAlib. Strategy management 2014.)

#### **Four factors of strategic management**

Strategic management is a process of making strategy and implementing strategy. Generally speaking, strategic management contains four key factors: (MBAlib. Strategy management 2014.)

- Strategic analysis: Analyzing the inside and outside environment of the corporate.
- Strategic decision: Formulation, evaluation and selection of the strategy.
- Strategic implementation: Implementing the strategy and achieve the goal.
- Strategic evaluation and adjustment: Checking the effectiveness of the strategy.

The main purpose of strategic analysis is to evaluate the key factors that affect the present and future development of the corporate and determine the exact affected factors in the process of strategic decision. Strategic analysis includes three aspects:

determining the mission and objective of the corporate, analyzing the outside environment and analyzing the inside environment. Strategic decision decides the development direction of the corporate. The first step is to formulate the optional strategic plans for the corporate. The second step is to evaluate the alternative plans. The last step is to choose the final strategic plan. Strategic implementation must consider the following questions: How to distribute the resources among all the departments? How to get and use the outside resources to achieve the goal? How to adjust the corporate structure to match up with the strategic plan? Strategic evaluation is to evaluate the operating performance of the corporate and inspect the scientificity and effectiveness of the strategy. Strategic adjustment means that the corporate adjusts the strategy according to the development situation of the corporate and makes the strategy keep the scientificity and effectiveness. (MBAlib. Strategy management 2014.)

### **Process of strategic management**

Strategic management process generally has nine steps, they are shown in Figure 5.

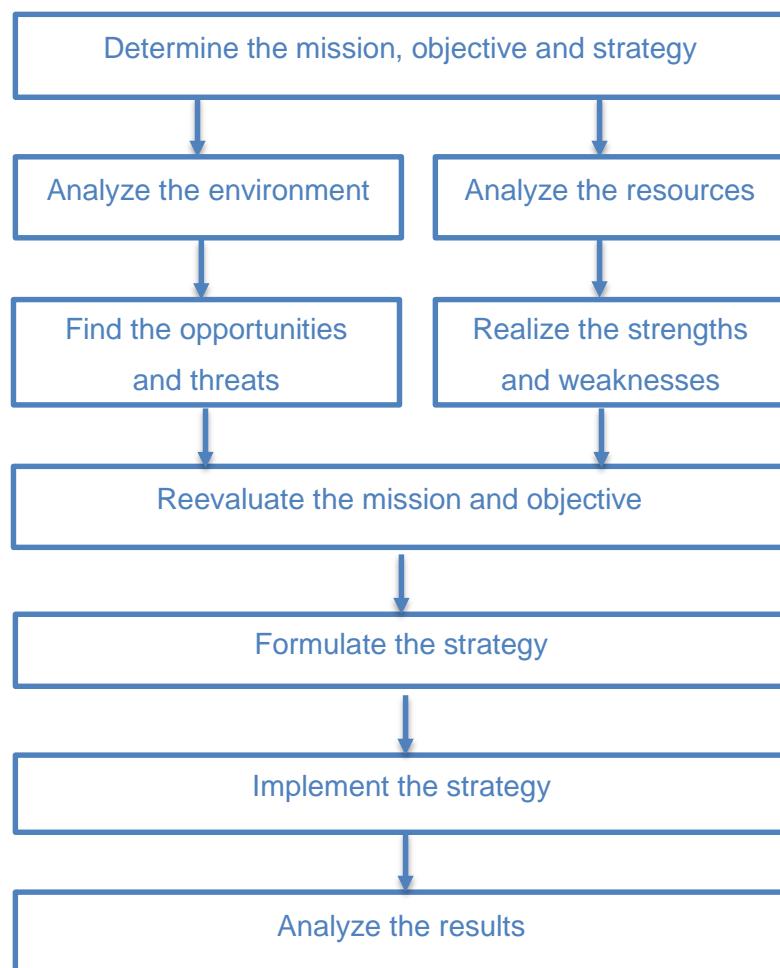


FIGURE 5. Process of strategic management (MBAlib. Strategy management 2014)

At first, the company should determine its mission, objective and strategy. Then the company needs to analyze the environment and the resources in order to find the opportunities and threats, and realize the strengths and weaknesses of the company. After that, the company should reevaluate the mission and objective which were determined before, then formulate and implement the strategy. In the end, the company needs to analyze the results of the strategy.

### **3 OPERATIONAL PROCESSES OF THE COMPANY**

Operational processes mean the processes of operating the core business of a corporate and creating the value, including purchasing, manufacturing, marketing and sales. Purchasing means a corporate acquires the goods and services from suppliers as their own resources to keep the operation of the corporate and achieve its objectives. Manufacturing is a production process of creating material wealth. Marketing and sales refer to the process of communicating with customers and selling the products to them.

#### **3.1 Purchasing**

Purchasing refers to the activity of gaining the products and services to achieve the objectives of a corporate. The purchasing function is responsible for obtaining quality goods and services as requested by the organization at the lowest total cost. This includes inventory material, capital equipment, expensed items and services. (Harding and Harding 2001, 9.)

##### **Factors of purchasing**

There are many factors that affect the purchasing process, like product quality, purchase price, and time of delivery and so on. The purchasing manager must take these factors into account during the process of purchasing.

It is hard to describe the exact meaning of product quality. Because the definition of product quality would be different from that for a purchase of dozens of beer for a shop or three busses. A common thread is that the goods must have minimum variation item (uniformity) and they must meet or exceed the buyers' expectations (Harding and Harding 2001, 129). The responsibility of the purchasing manager is to find the goods or services with good quality at the lowest price. If the goods or services purchased have bad quality, it would influence the operating process of the corporate and cause a loss to the corporate. The purchasing manager can control the product quality in following three aspects: (Baidu. Baike. Purchasing 2014.)

- Requirements to suppliers: requirements of the production process, equipment and environment of the goods purchased.

- Incoming quality control: Inspecting the quantity, specification and quality of the purchased goods.
- Logistic process control: Controlling the date, location and way of delivery.

The price paid for purchased materials is a major ingredient in the cost of doing business. On the average, 60 percent of the costs to some manufactures are attributable to purchased materials (Harding and Harding 2001, 103). Product prices are determined in four ways: (Baidu. Baike. Purchasing 2014.)

- Product cost: A supplier's cost includes material cost, labor cost, and loan payment overhead and so on. Profit will be added to product prices by suppliers when they give the prices to purchasers.
- Supply and demand: Product prices are determined by the marketplace-by the supply and demand for products. (Harding and Harding 2001, 104) For example, schools open in September every year in China. The large demand of computers and mobile phones from students makes the manufactures increase the product prices for more profits.
- Market environment: When there are many suppliers in the market, the competitive situation would force the suppliers to reduce the price and this is good for purchasers.
- Delivery terms: The date, location and way of delivery will affect the product prices. For example, the purchaser would like to delay the delivery time in one month, he probably needs to pay the storage expense to the supplier.

Time of delivery refers to the period from date of placing the order to date of receiving the products. On-time delivery is very important to purchasers. If the delivery is late and it will affect the operating process of the corporate, even causing a loss to the corporate. To reduce the late deliveries and expediting effort, purchasers should work closely with production planning and supplier to: (Harding and Harding 2001, 106.)

- Identify and correct problems
- Reduce suppliers' manufacturing or response times

- And improve supplier quality, a cause of parts shortages.

### **Process of purchasing**

The purchasing process begins with a demand signal to obtain certain goods or services. Purchase order is an important part of purchasing process and it is a legal document that authorizes a supplier to do something. (Harding and Harding 2001, 11-13.) Figure 6 shows the process of purchasing:

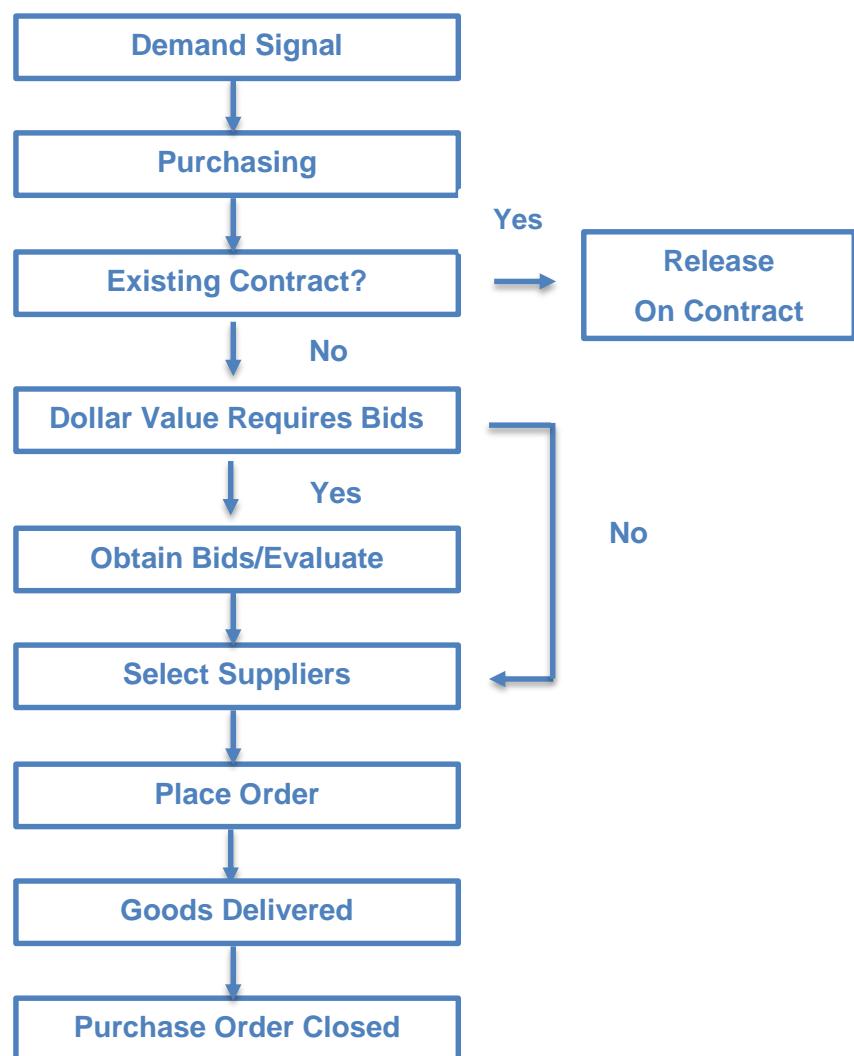


FIGURE 6. Process of purchasing (Harding and Harding 2001, 12)

The demand signal may take the form of a requisition or an automated demand signal, such as an MRP (Material Requirements Planning) report. (Harding and Harding 2001, 11.) If there is a contract, then the purchasing process of the company should follow the contract. If there is no contract, the company should find new suppliers. If some suppliers offer the bids to the company, the company can evaluate these bids and

choose the suitable suppliers. If the company doesn't get any bids offered by the suppliers, then the company needs to find the suppliers on their own. After the suppliers have been selected by the company, the company needs to place orders to the suppliers. The purchase order will be closed when the goods are delivered to the company.

## **Purchasing Negotiations**

Negotiation is the resolution of differences through discussion so that both parties benefit. Negotiating skills often determine which party benefits more. (Harding and Harding 2001, 113.) The core of purchasing negotiation is price negotiating. Suppliers and purchasers have different attitude towards the prices due to their different positions. Suppliers want to supply the goods at a regular price (price in the quotation), but purchasers prefer a reduced price so they can get more profits. If a purchaser would like to get an expected purchasing price, he needs to do the following things:

- Be prepared before the negotiation. Make a marketing research to the supplier to know the situation of the supplier. The more information the purchaser has about the supplier, the more profits the purchaser will get in the negotiation.
- Focus on the key points during the negotiation. 1. Being polite and confident when negotiating with the supplier. 2. Get more useful information from the supplier through asking questions. 3. Control the negotiation process and keep active. 4. Emphasize co-operation and deal with the differences appropriately.
- Follow-up the negotiation results. The finishing of the negotiations is not the end of purchasing process. The purchaser must get the ideas that if the products purchased meet the standards of the contract and the market reaction of the products and so on. (MBAlib. Merchandise procurement 2014.)

## **Inventory**

Inventory or stock refers to the goods and materials that a business holds for the ultimate purpose of resale (or repair) (Wikipedia. Inventory 2014).

A manufacture's inventory may include raw materials, semi-finished products, finished products and waste products. On behalf of the corporate's interests, inventory management is of much concern. For example, keep the inventory in good order for

easy management and using. The environment of storage needs to be clean, dry and ventilated and the storage must have safety equipment to protect the inventory from fire, water or theft. And the corporate must have an inventory system to record the incoming and outgoing goods. There are two methods of inventory management. First In, First Out method assumes the items the company has purchased or produced first are the first items the company sold, consumed, or otherwise disposed of. The items in inventory at the end of the tax year are matched with the costs of items of the same type that the company most recently purchased or produced. Last In, First Out method assumes the items the company has most recently purchased or produced are the first items the company sold, consumed, or otherwise disposed of. Under LIFO inventory items which are sold are assumed to be the items most recently purchased or produced. (UIC.EDU. FIFO/LIFO.)

The only good reason for maintaining inventory is that conditions exist that make it less costly to have it than not to have it (Harding and Harding 2001, 66). So the storage manager must keep contact with other department managers. If one of the raw materials cannot be used for too long, the manager must deliver the information to purchasers as soon as possible and purchasers can arrange the purchasing issues. Once the finished products are over-hoarded, the manager needs to tell the sales department that they need to sell more products as soon as they can. By tracking the inventory levels, the company can decide whether it is holding too much on hand, or if the company would be better off buying a little more to make sure the company does not run out. One measure of inventory time is inventory days, which measures how many days the company's average inventory on hand will last. (Kennan and Media. Chron.com.) The steps of inventory days are shown as follows:

#### Step 1

Look up the company's total sales for the year and average inventory on hand. If the company keeps daily records of inventory, add the value of each day's inventory and divide by 365 to get the average inventory on hand. If the company keeps monthly inventory records, add the value of inventory on hand each month and divide the result by 12 to get the average inventory on hand. If it uses another time period, add up the value of the inventory on hand and divide by the number of records per year. (Kennan and Media. Chron.com.)

#### Step 2

Divide the total sales by the inventory on hand to find the company's inventory turnover rate. For example, if the company pays 800,000 RMB for the goods it sells during the

year and has an average of 240,000 RMB of inventory on hand, the inventory turns over 3.33 times per year. (Kennan and Media. Chron.com.)

### Step 3

Divide 365, the number of days per year, by the number of times per year the company's inventory turns over to find the average number of days the inventory on hand will last. For this example, divide 365 by 3.33 to get 109.6, meaning the average inventory on hand lasts for 109.6 days. (Kennan and Media. Chron.com.)

## **3.2 Manufacturing**

Manufacturing is the production of merchandise for use or sale using labor and machines, tools, chemical and biological processing, or formulation. The term may refer to a range of human activity, from handicraft to high tech, but is most commonly applied to industrial production, in which raw materials are transformed into finished goods on a large scale. (Wikipedia. Manufacturing 2014.)

Workshop management is a series of management works of planning, organizing, leading and controlling the production activities in workshop. The functions of workshop management are making plans, organizing directions, supervising activities, production services and motivating workers.

Production equipment is an important part of a corporate's fixed assets. Production line is composed of many related equipment. Production line can reduce many costs compare to traditional production model. Regular detection and maintenance of the production equipment can keep production process in order and reduce the production accidents.

Cool-Baby is a manufacturer of baby strollers, playpens, beds and cradles. The production department has several workshops which are responsible for different tasks. Figure 7 shows the manufacturing process of Anhui Cool-Baby Children Products Co., Ltd. The storage of the case company provides the materials to the sewing workshop and the hardware workshop. The sewing workshop is responsible for manufacturing the cloths of the products, like mattress and mosquito net of the bed. The hardware workshop produces the iron pipes of the products. Then the sewing workshop and the hardware workshop provide the finished parts of the products to the assembly workshop. The assembly workshop also gets the parts of the products that were purchased from

other companies. The assembly workshop assembles all the parts into finished products and packages the products. Then the packaged products will be kept in the storage.

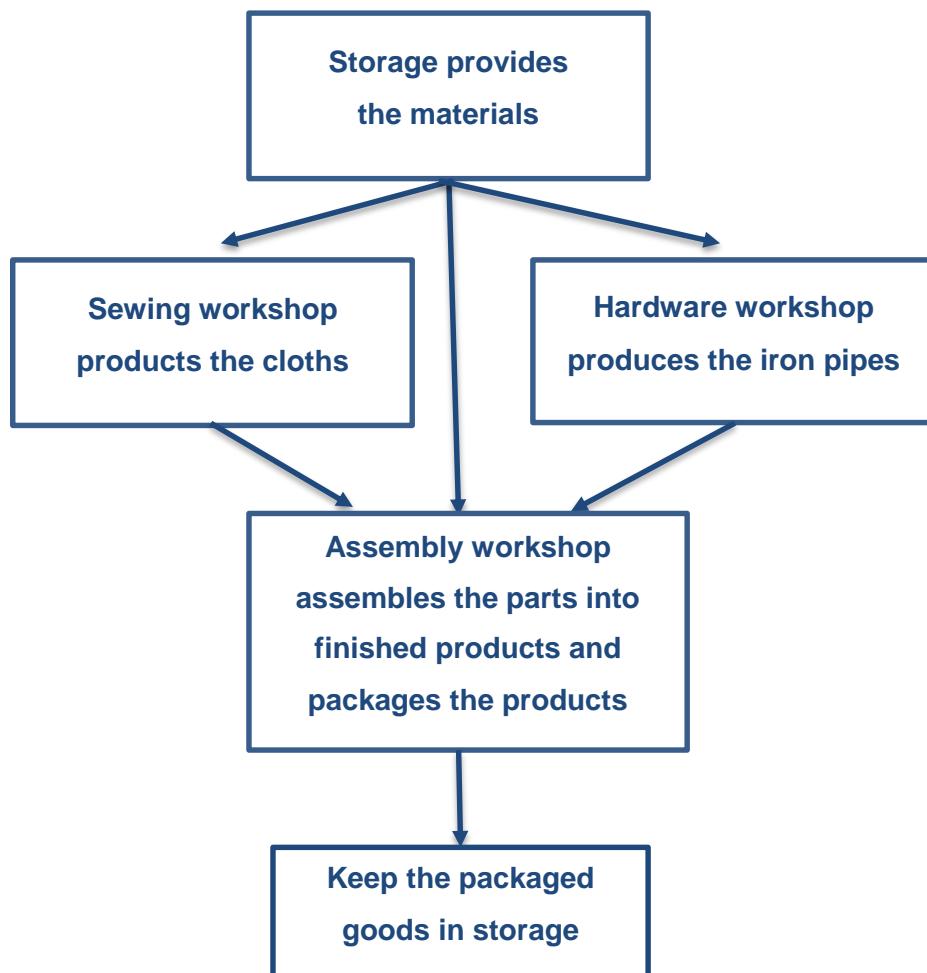


FIGURE 7. Manufacturing process of Cool-Baby

### 3.3 Marketing and sales

Marketing exists in our daily life, we can see lots of advertisements in TV commercials, Internet, shops, etc. Sometimes you can get a phone call from a sales person. All of these issues belong to marketing scope, but marketing is not only selling and advertising. Gary Armstrong and Philip Kotler define marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return (Armstrong and Kotler 2013, 33).

Sales are very easy to understand and they relate to people's daily life. The supermarkets sell products to customers, and the bookshop sells books to students.

These are all sales behaviors. In conclusion, sales is a process which means selling a product or service and getting money or other compensation in return.

## **Marketing concept**

Some important concepts of marketing are defined as follows:

Market segmentation: Marketing segmentation means that the marketer divides the target market into subsets of customers according to their needs and demand, consuming behaviors and habits (Baidu. Baike. Marketing 2014).

Market targeting: The corporate can get into one or more market segments after marketing segmentation. Market targeting refers to the corporate evaluates the attraction of every market segments and chooses one or more segments as its target markets (Baidu. Baike. Marketing 2014).

Pricing: Pricing is the process that a corporate determines the price of its products depending on the products cost and the profit that the corporate want to get.

Product: Anything can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need (Armstrong and Kotler 2013, 224).

Brand: A name, term, sign, symbol, or design, or a combination of these, that identifies the products or services of one seller or group of sellers and differentiates them from those of competitors (Armstrong and Kotler 2013, 231).

Need and demand: Need means people's desire and wants to something. Demand means the number of goods that consumers are willing and able to buy at a certain time and price level. (Baidu. Baike. Marketing 2014.)

Market environment: Market environment refers to factors and forces that affect a firm's ability to build and maintain successful relationships with customers (Wikipedia. Market environment 2014).

Marketing channel: A set of interdependent organizations that help to bring a product or service available for use or consumption by the consumers or business users (Armstrong and Kotler 2013, 322).

## Marketing process

Figure 8 presents a simple, five-step model of marketing process. In the first four steps, companies work to understand customers, create customer value, and build strong customer relationships. In the final step, companies reap the rewards of creating superior customer value. By creating value for customers, they in turn capture value from consumers in the form of sales, profits, and long-term customer equity. (Armstrong and Kotler 2013, 33.)

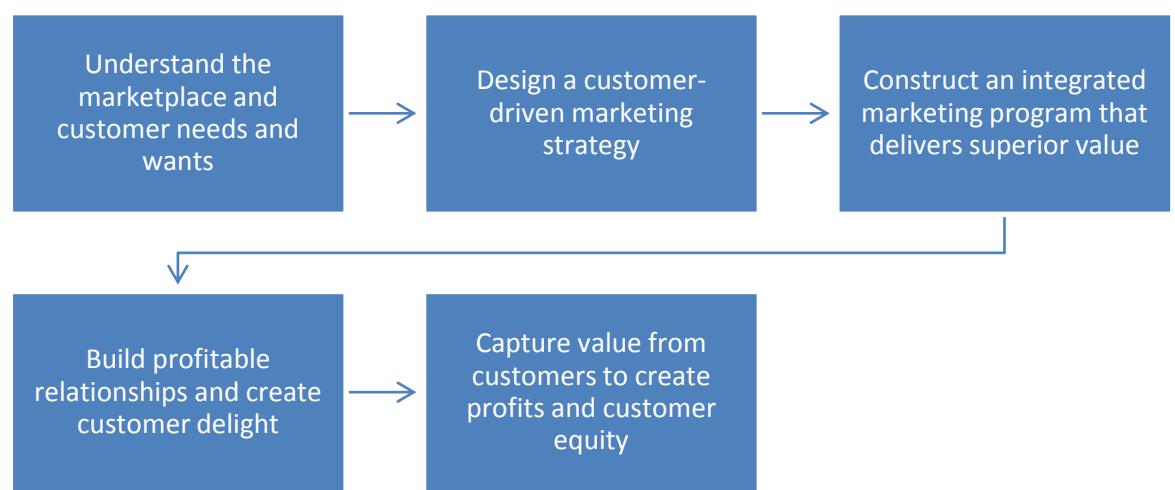


FIGURE 8. A simple model of the marketing process (Armstrong and Kotler 2013, 34)

## Marketing mix

Marketing mix is a marketing tool that a corporate uses to promote its brand or product in the market. The 4Ps is a well-known way of defining the marketing mix and the 4Ps means Product, Price, Place and Promotion. The meanings of the 4Ps are as follows (Armstrong and Kotler 2013, 80-81):

- Product means the goods-and-services combination the company offers to the target market. For example, Cool-Baby manufacture baby stroller, playpen, bed and cradle. These are Cool-Baby's products.
- Price is the amount of money customers must pay to obtain the product. Cool-Baby sends a quotation to a customer, the customer always feels the price is too high. So they need to negotiate with the price until the price is accepted by both of them.

- Place includes company activities that make the product available to target consumers. Cool-Baby works with both domestic and international distributors and retailers and sells the products to them. Then these distributors and retailers sell the products to customers.
- Promotion refers to activates that communicate the merits of the product and persuade target customers to buy it. Cool-Baby advertises its products in local newspapers and bus stops and gives some discount to the customers on national holidays.

Figure 9 shows the 4Ps and the problems that need to be solved in each aspect.



FIGURE 9. Marketing Mix 4Ps Example (Smartdraw, 2014)

## Marketing planning

Marketing planning means the methods of applying marketing resources to achieve marketing objectives (Westwood 1947, 7). Figure 10 shows the marketing planning process.

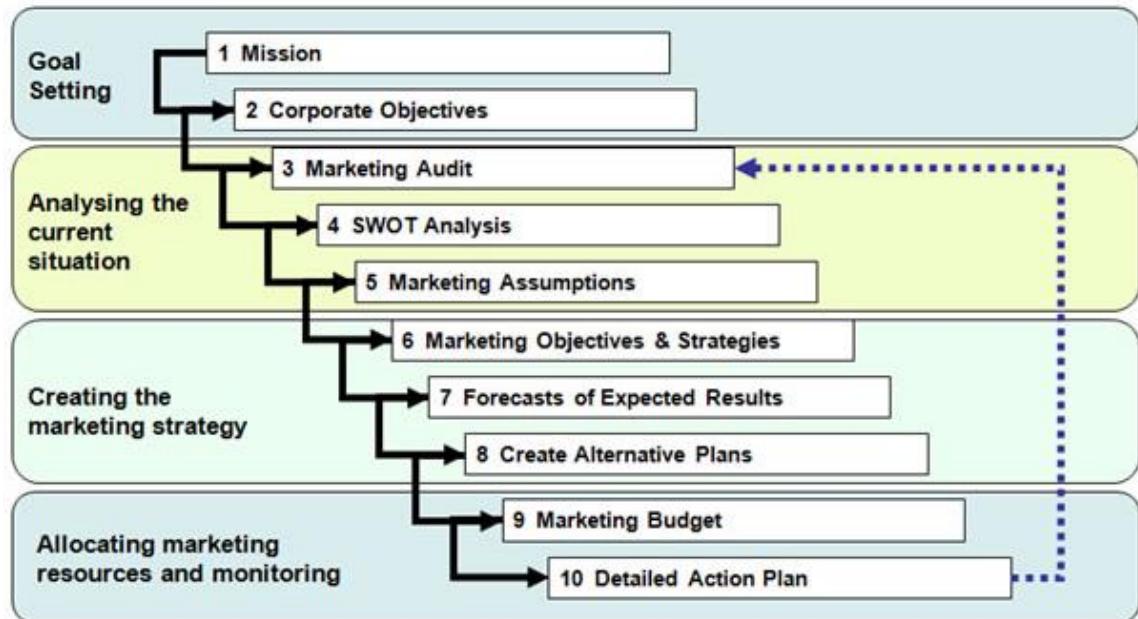


FIGURE 10. Marketing planning process (Riley 2012)

The marketing planning process contains four main stages: goal setting, analyzing the current situation, creating the marketing strategy, and allocating marketing resources and monitoring. In the beginning of marketing planning process, the company must set the business mission and objectives. Then the company needs to assess the situation of marketing in the business – the products, resources, distribution methods, market shares, competitors, etc. SWOT analysis is needed for the company to assess its current position, show the strengths & weaknesses (internal factors) and opportunities and threats (external factors) of the company. After that, the company needs to determine what marketing objective the company wants to achieve and how the company intends to do it. In the end of the marketing planning process, the company needs to make a detailed marketing budget for the next year and an outline marketing budget for the next 2-3 years. Then the detailed implementation marketing plan would be made. (Riley 2012.)

## Customer relationship marketing

Customer relationship marketing is the creation and development of interactive, long-term and economically profitable customer relationship, the commitment to which is

mutually beneficial. The objectives of customer relationship marketing are comprehensiveness, customer loyalty and profitability. (Lahtinen and Isoviiita 1994, 22.) Comprehensiveness means that customer relationship marketing puts quality and other marketing operation together in customer service. So the customers are served more comprehensively than by other marketing means.

Customer loyalty is all about attracting the right customer, getting them to buy, buy often, buy in higher quantities and bring you even more customers. In short, a corporate builds customer loyalty by treating people how they want to be treated. (Customer loyalty website.)

The aim of customer relationship is a long-term and profitable customer relationship. According to the customer relationship marketing approach, there are four factors that affect profitability. These factors are quality, customer turnover, turnover of employees and productivity. These factors affect both profitability and each other. (Lahtinen and Isoviiita 1994, 29.)

### **Sales concept**

Sales methods include direct selling and indirect selling. Direct selling means manufacturers sell the products to customers by themselves, like exclusive shops. Indirect selling means manufacturers sell the products through distributors or retailers.

Personal selling is defined as personal presentations by the firm's sales force for the purpose of making sales and building customer relationship. Salesperson means that an individual representing a company to customers by performing one or more of the following activities: prospecting, communicating, selling, serving, information gathering, and relationship building. (Armstrong and Kotler 2013, 421.)

Sales decide the profits of a company in a certain extent. Thus, an effective selling is important to a corporate. Figure 11 shows the major steps in effective selling.

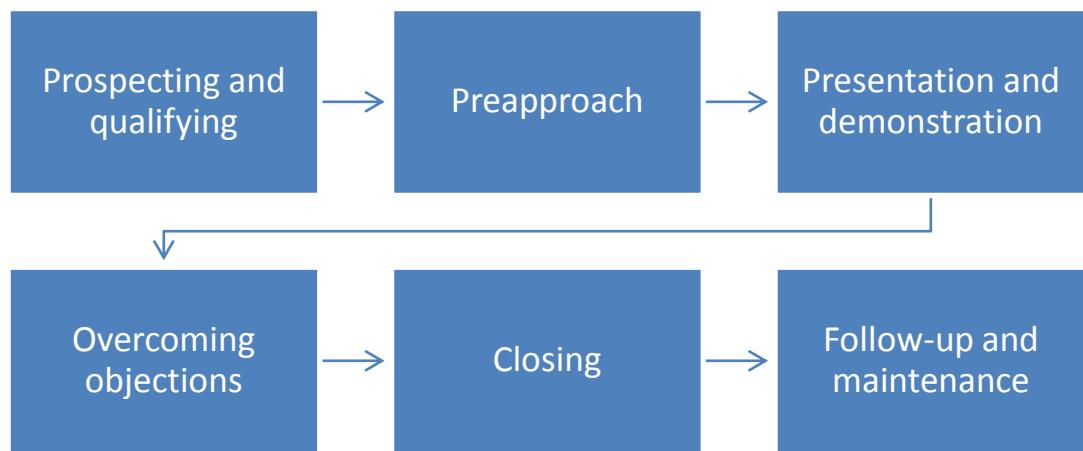


FIGURE 11. Major steps in effective selling (Kotler & Keller 2012, 583)

The first step in selling is to identify and qualify prospects. Then the salesperson's task is to choose the best contact approach and plan an overall sales strategy for the account. The third step is to tell the product "story" to the buyer, using a features, advantages, benefits, and value (FABV) approach. To handle the customers' objections, the salesperson maintains a positive approach, ask the buyer to clarify the objection. Closing signs from the buyer include physical actions, statements or comments and questions. In the end, follow-up and maintenance are necessary to ensure customer satisfaction and repeat business. (Kotler & Keller 2012, 583-584.)

### **Sales promotion**

Sales promotion means marketers transfer different kind of information about companies and their products to consumers, convincing or attracting consumers to buy their products in order to achieve the objective of expanding sales. The functions of sales promotion are attracting new customers, holding present customers, counteracting competition, and taking advantage of opportunities that are revealed by market research.

There are three forms of sales promotion for manufacturer, they are customer promotion (targeted customers), trade promotion (targeted distributors and retailers), and sales force promotion (targeted members of sales force).

These figures below show the three levels of the manufacturers' customer promotion and trade promotion. They are single-level promotion, dual-level promotion and three-level promotion.

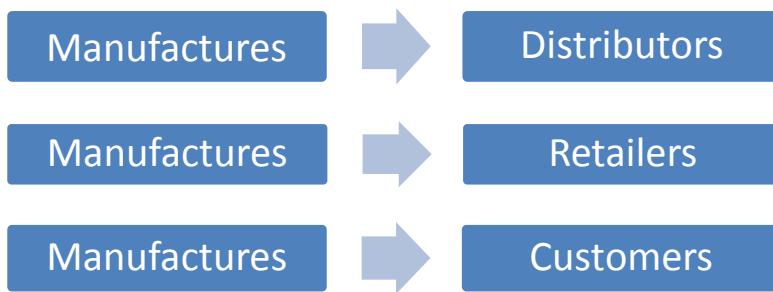


FIGURE 12. Single-level promotions (Baidu. Baike. Sales promotion 2014)

Figure 12 shows the simple ways of manufacturers' customer promotion and trade promotion, from manufacturers to distributors or retailers or consumers. These processes work independently.



FIGURE 13. Dual-level promotions (Baidu. Baike. Sales promotion 2014)

Figure 13 shows the situations from manufacturer to distributors and retailers or from manufacturers to retailers and consumers, there is an intermediary among them and the processes of customer promotion and trade promotion are more complex.



FIGURE 14. Three-level promotions (Baidu. Baike. Sales promotion 2014)

Figure 14 shows the customer promotion and trade promotion processes from manufacturers to distributors, retailers and customers. In these processes, manufacturers and customers do not have direct relations.

The common methods of manufacturer's customer promotion and trade promotion are price reduction, freebies, product samples, and rebates. Take price reduction for

example, if a distributor buy 100 units of products one time, the manufacturer will give a 5 percent discount on the total price to the distributor. These methods are all aim to encourage the customers to buy more products. (Baidu. Baike. Sales promotion 2014.)

Sales force promotion is as important as customer promotion and trade promotion for a manufacturer. The works of sales force affect the development of a manufacturer directly. Sales force promotion of a manufacturer is aimed to motivate the sales force and make its selling efforts more effective. The methods of sales force promotion are bonuses, prizes, contests, nonfinancial rewards, etc.

## 4 SUPPORTING PROCESSES OF THE COMPANY

Supporting processes support the management processes and operational processes of a company. Accounting and finance, HRM all belong to supporting processes. Without supporting processes, the company would not develop.

### 4.1 Accounting and finance

The aim of a company is profit and it must relate to cash flow or other assets issues. So the accounting and finance functions have very important roles in business processes of a company.

Accounting is the measurement, processing and communication of financial information about economic entities. Accounting, which has been called the "language of business", measures the results of an organization's economic activities and conveys this information to a variety of users including investors, creditors, management, and regulators. Practitioners of accounting are known as accountants. (Wikipedia. Accounting 2014.) Finance is a field within economics that deals with the allocation of assets and liabilities over time under conditions of certainty and uncertainty. Finance can also be defined as the science of money management. A key point in finance is the time value of money, which states that one unit of currency today is worth more than one unit of currency tomorrow. Finance aims to price assets based on their risk level and their expected rate of return. (Wikipedia. Finance 2014.)

#### 4.1.1 Basics of accounting

Accounting department is a key department of a company. Accounting is made of several fields including financial accounting, management accounting, auditing, and tax accounting. Financial accounting focuses on the reporting of an organization's financial information to external users of the information, such as investors, regulators and suppliers. It measures and records business transactions and prepares financial statements for the external users in accordance with generally accepted accounting principles (GAAP). Management accounting focuses on the measurement, analysis and reporting of information that can help managers in making decisions to fulfil the goals of an organization. In management accounting, internal measures and reports are based on cost-benefit analysis, and are not required to follow GAAP. Auditing is the verification of assertions made by others regarding a payoff, and in the context of accounting it is

the "unbiased examination and evaluation of the financial statements of an organization". (Wikipedia. Accounting 2014.) Tax accounting is an accounting method that focuses on taxes rather than the appearance of public financial statements (Investopedia. Tax accounting).

Basic accounting principles and guidelines are as follows: (Accountingcoach, Accounting Principles.)

- Economic Entity Assumption: The accountant keeps all of the business transactions of a sole proprietorship separate from the business owner's personal transactions. For legal purposes, a sole proprietorship and its owner are considered to be one entity, but for accounting purposes they are considered to be two separate entities.
- Monetary Unit Assumption: Economic activity is measured in U.S. dollars, and only transactions that can be expressed in U.S. dollars are recorded.
- Time Period Assumption: This accounting principle assumes that it is possible to report the complex and ongoing activities of a business in relatively short, distinct time intervals such as the five months ended May 31, 2013, or the 5 weeks ended May 1, 2013.
- Cost Principle: From an accountant's point of view, the term "cost" refers to the amount spent (cash or the cash equivalent) when an item was originally obtained, whether that purchase happened last year or thirty years ago.
- Full Disclosure Principle: If certain information is important to an investor or lender using the financial statements, that information should be disclosed within the statement or in the notes to the statement.
- Going Concern Principle: This accounting principle assumes that a company will continue to exist long enough to carry out its objectives and commitments and will not liquidate in the foreseeable future.
- Matching Principle: This accounting principle requires companies to use the accrual basis of accounting. The matching principle requires that expenses be matched with revenues.

- Revenue Recognition Principle: Under the accrual basis of accounting (as opposed to the cash basis of accounting), revenues are recognized as soon as a product has been sold or a service has been performed, regardless of when the money is actually received.
- Materiality: Because of this basic accounting principle or guideline, an accountant might be allowed to violate another accounting principle if an amount is insignificant. Professional judgment is needed to decide whether an amount is insignificant or immaterial.
- Conservatism: If a situation arises where there are two acceptable alternatives for reporting an item, conservatism directs the accountant to choose the alternative that will result in less net income and/or less asset amount. Conservatism helps the accountant to "break a tie." It does not direct accountants to be conservative. Accountants are expected to be unbiased and objective.

The important functions of accounting are as follows: (Managedstudy. Basic Functions of Accounting.)

- Recording Functions: The basic function of accounting is the recording of business transactions in a systematic way and preparation of financial statements describing the financial position and operating results of the business to the interested parties. This function of accounting is also called historical function of accounting.
- Managerial Function: It is the responsibility of the management at various levels to see that the business is conducted in the most efficient manner. For this purpose the management will require various accounting information at different times. Further planning and budgeting are based on these information, through various information management will compare the present activities with the past, find out the weaknesses of the business and take necessary corrective measures in order to ensure the progress of the business.
- Service Function: Accounting acts as means of communicating financial facts to those both within and without the business who may be interested in interpreting and using such information.

- Legal Requirements Function: Under this function, it seeks to provide useful accounting information with regard to the legal requirements of the business. According to government requirements, a business has to file various returns as regards income tax, sales taxes etc. So accounting data is useful with the help of which various returns can be easily prepared and submitted to the government.
- Interpretation Function: The final function of accounting is to communicate financial facts to those who may be interested in interpreting such information. Those who are the end user can make a realistic analysis and judgment about the financial position and profitability of any business concern.

#### **4.1.2 Corporate finance**

Corporate finance is the area of finance dealing with the sources of funding and the capital structure of corporations and the actions that managers take to increase the value of the firm to the shareholders, as well as the tools and analysis used to allocate financial resources. The primary goal of corporate finance is to maximize or increase shareholder value. (Wikipedia. Corporate finance 2014.)

Financial planning of a company involves: (Brealey. Myers and Marcus 2004, 482.)

- Analyzing the investment and financing choices open to the company.
- Projecting the future consequences of current decisions.
- Deciding which alternatives to undertake.
- Measuring subsequent performance against the goals set out in the financial plan.

Financial planners often use a financial planning model to help them explore the consequences of alternative financial strategies. Financial planning models support the financial planning process by making it easier and cheaper to construct forecast financial statements. (Brealey. Myers and Marcus 2004, 484.)

Figure 15 shows the components of a financial plan.

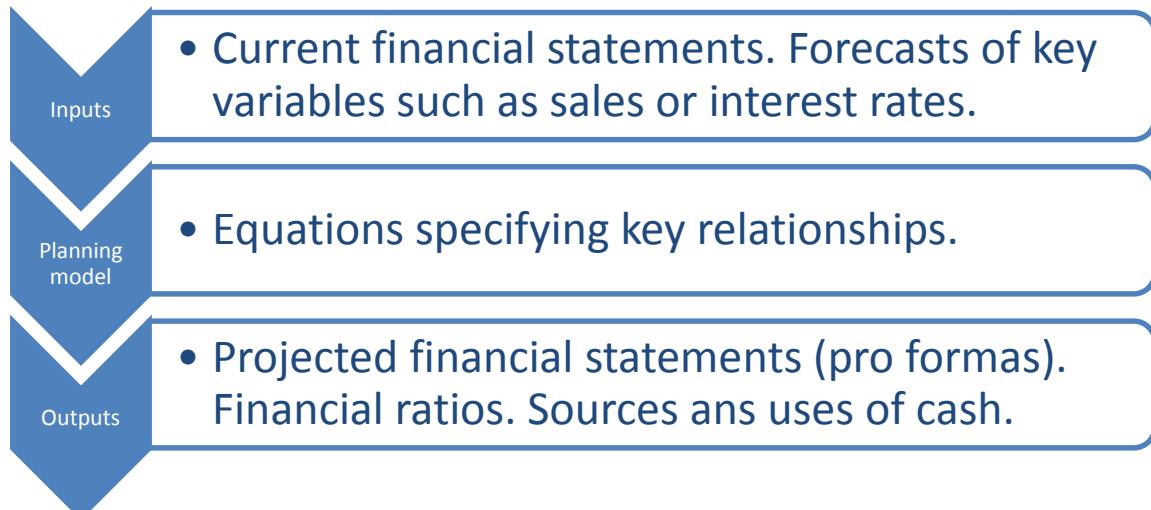


FIGURE 15. Components of a financial plan (Brealey, Myers and Marcus 2004, 485)

The inputs to financial plan consist of the firm's current financial statements and its forecasts about the future. The financial planning model calculates the implications of the manager's forecasts for profits, new investment, and financing. The model consists of equations relating output variables to forecasts. The putouts of the financial model consists of financial statements such as income statements, balance sheets, and statement describing sources and uses of cash. (Brealey, Myers and Marcus 2004, 484-485.)

Short-term, or current, assets and liabilities are collectively known as working capital. Short-term financial planning is concerned with the management of firm's short-term, or current, assets and liabilities. The most important current assets are cash, marketable securities, and inventory and account receivables. The most important current liabilities are bank loans and accounts payable. The difference between current assets and current liabilities is called net working capital. (Brealey, Myers and Marcus 2004, 528.)

The financial manager's task is to forecast future sources and uses of cash. These forecasts serve two purposes. First, they alert the financial manager to future cash needs. Second, the cash-flow forecasts provide a standard, or budget, against which subsequent performance can be judged. There are three common steps to preparing a cash budget: (Brealey, Myers and Marcus 2004, 517.)

- Forecast the sources of cash. The largest inflow of cash comes from payments by the firm's customers.
- Forecast uses of cash.

- Calculate whether the firm is facing a cash shortage or surplus.

Capital budgeting (or investment appraisal) is the planning process used to determine whether an organization's long term investments such as new machinery, replacement machinery, new plants, new products, and research development projects are worth the funding of cash through the firm's capitalization structure (debt, equity or retained earnings). It is the process of allocating resources for major capital, or investment, expenditures. (Sullivan and Sheffrin, 375.) Increasing the value of the firm to the shareholders is one of the most important objectives of capital budgeting investments.

## **4.2 Human resources management**

Human resources is a basic part of a company and the business processes are all accomplished by human resources of the company. So the human resources decide the development situation of a company in some extent. That is why human resources management is so important to a company. Human resources management (HRM) is a management process of a company's human resources or workforce.

HRM of a company contains human resources planning, job design, recruitment and selection, learning and development, reward and performance management, employment relationship management, etc.

The objectives of HRM is to ensure that organization is able to achieve success through people, to increase organizational effectiveness and capability, to be concerned with the rights and needs of people in organizations through the exercise of social responsibility (Armstrong 2009, 20). The characteristics of HRM are that it is diverse, strategic and commitment-oriented, adopts a unitary rather than pluralist viewpoint, is founded on the belief that people should be treated as assets and is a management-driven activity (Armstrong 2009, 7).

### **Human resource planning**

Human resource planning is a decision-making process that combines three important activities: 1) identifying and acquiring the right number of people with the proper skills, 2) motivating them to achieve high performance, and 3) creating interactive links between business objectives and people-planning activities. Human resource planning aims to ensure that the organization has the number of people with the right skills needed to meet forecast requirements. (Armstrong 2009, 487.)

Human resource planning involves the activities listed below (Armstrong 2009, 487).

- Scenario planning: Making broad assessments of future environmental factors and their likely impact on people requirements.
- Demand forecasting: Estimate future needs for people and competences by reference to corporate and functional plans and forecasts of future activity levels.
- Supply forecasting: Estimate the supply of people by reference to analyses of current resources and future availability, after allowing for wastage. The forecast will also take account of labor market trends relating to the availability of skills and to demographics.
- Forecasting requirements: Analyze the demand and supply forecasts to identify future deficits or surpluses with the help of models, where appropriate.
- Action planning: Prepare plans to deal with forecast deficits through internal promotion, training or external recruitment. If necessary, plan for unavoidable downsizing so as to avoid any compulsory redundancies, if that is possible. Develop retention and flexibility strategies.

### **Job design**

Job design specifies the contents, methods and relationships of jobs in order to satisfy work requirements for productivity, efficiency and quality, meet the personal needs of the job holder and thus increase levels of employee engagement (Armstrong 2009, 467).

Approaches of job design described below: (Armstrong 2009, 472-473.)

- Job rotation: This is the movement of employees from one task to another to reduce monotony by increasing variety.
- Job enlargement: This means combining previously fragmented tasks into one job, again to increase the variety and meaning of repetitive work.
- Job enrichment: This goes beyond job enlargement to add greater autonomy and responsibility to a job and is based on the job characteristics approach.

- Self-managing teams: A self-managing team enlarges individual jobs to include a wider range of operative skills (multi-skilling), decides on methods of work and the planning, scheduling and control of work, distributes tasks itself among its members and monitors its own performance, taking corrective action when required.
- High-performance work design: This concentrates on setting up working groups in environments where high levels of performance can be achieved. It involves multi-skilling—job demarcation lines are eliminated as far as possible and encouragement and training are provided for employees to acquire new skills.

### **Recruitment and selection**

Recruitment is the process of finding and engaging the people the organization needs. Selection is that part of the recruitment process concerned with deciding which applicants or candidates should be appointed to jobs.

The four stages of recruitment and selection are as follows: (Armstrong 2009, 515-518)

- Defining requirements: Preparing role profiles and person specifications; deciding terms and conditions of employment.
- Planning recruitment campaigns: A recruitment plan will cover: 1)the number and types of employees required to cater for expansion or new developments and make up for any deficits, 2)the likely sources of candidates, 3)plans for tapping alternative sources, 4)how the recruitment programme will be conducted.
- Attracting candidates: Reviewing and evaluating alternative sources of applicants, inside and outside the company: advertising, e-recruiting, agencies and consultants.
- Selecting candidates: Sifting applications, interviewing, testing, assessing candidates, assessment centers, offering employment, obtaining references; preparing contracts of employment.

### **Learning and development**

Learning is the means by which a person acquires and develops new knowledge, skills, capabilities, behaviors and attitudes. Learning is a continuous process that not only

enhances existing capabilities but also leads to the development of the skills, knowledge and attitudes that prepare people for enlarged or higher-level responsibilities in the future. Development is concerned with ensuring that a person's ability and potential are grown and realized through the provision of learning experiences or through self-directed (self-managed) learning. It is an unfolding process that enables people to progress from a present state of understanding and capability to a future state in which higher-level skills, knowledge and competencies are required. Training involves the application of formal processes to impart knowledge and help people to acquire the skills necessary for them to perform their jobs satisfactorily. (Armstrong 2009, 664-665.)

Approaches to learning and development are as follows: (Armstrong 2009, 679.)

- Informal and formal learning: Formal learning is planned and systematic. It makes use of structured training programmes consisting of instruction and practice that may be conducted on- or off-the-job. Informal learning is experiential learning. It takes place while people are learning on-the-job as they go along.
- E-learning: E-learning provides for learning via computer, networked and web-based technology. The process comprises defining the system, encouraging access, advising and assisting individual learners and encouraging and facilitating the creation of learning communities. E-learning focuses on the learner. It provides a means of satisfying individual learning needs.
- Blended learning: Blended learning is the use of a combination of learning methods to increase the overall effectiveness of the learning process by providing for different parts of the learning mix to complement and support one another. A blended learning programme might be planned for an individual using a mix of self-directed learning activities defined in a personal development plan, e-learning facilities, group action learning activities, coaching or mentoring, and instruction provided in an in-company course or externally.
- Self-directed learning: Self-directed or self-managed learning involves encouraging individuals to take responsibility for their own learning needs, either to improve performance in their present job or to develop their potential and satisfy their career aspirations. It can also be described as self-reflective learning, which is the kind of learning that involves encouraging individuals to develop new patterns of understanding, thinking and behaving.

- Personal development planning: Personal development planning is carried out by individuals with guidance, encouragement and help from their managers as required. A personal development plan sets out the actions people propose to take to learn and to develop themselves. They take responsibility for formulating and implementing the plan but they receive support from the organization and their managers in doing so.

### **Reward and performance management**

Reward management is concerned with the formulation and implementation of strategies and policies in order to reward people fairly, equitably and consistently in accordance with their value to the organization. The three most important aims of reward management are to: (Armstrong 2009, 736.)

- Reward people according to what the organization values and wants to pay for.
- Reward people for the value they create.
- Reward the right things to convey the right message about what is important in terms of behaviors and outcomes.

Each aspect of reward, namely base pay, contingent pay, employee benefits and non-financial rewards, which include intrinsic rewards from the work itself, are linked together and treated as an integrated and coherent whole (Armstrong 2009, 751).

Performance management is an important part of HRM process that provides the basis for improving and developing performance and is part of the reward system in its most general sense. The overall objective of performance management is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization. Performance management provides the basis for self-development but, importantly, it is also about ensuring that the support and guidance people need to develop and improve is readily available. (Armstrong 2009, 618-619.)

### **Employment relationship management**

The employment relationship is one that is established whenever employers and employees work together. An undertaking by an employee to provide skill and effort to

the employer in return for which the employer provides the employee with a salary or a wage. The employer's obligations also include the duty to provide a safe workplace, to act in good faith towards the employee and not to act in such a way as to undermine the trust and confidence of the employment relationship. The employee has corresponding obligations, which include obedience, competence, honesty and loyalty. (Armstrong 2009, 261-263.)

HR specialists can contribute to the development of a positive and productive employment relationship in the following ways: (Armstrong 2009, 266-267)

- During recruitment interviews – presenting the unfavorable as well as the favorable aspects of a job in a 'realistic job preview.'
- In induction programmes – communicating to new starters the organization's HR policies and procedures and its core values, indicating to them the standards of performance expected in such areas as quality and customer service, and spelling out requirements for flexibility.
- By issuing and updating employee handbooks that reinforce the messages delivered in induction programmes.
- By encouraging the development of performance management processes that ensure that performance expectations are agreed and reviewed regularly.
- By encouraging the use of personal development plans that spell out how continuous improvement of performance can be achieved, mainly by self-managed learning.
- By using learning and development programmes to underpin core values and define performance expectations.
- By ensuring through manager and team leader training that managers and team leaders understand their role in managing the employment relationship through such processes as performance management and team leadership.
- By encouraging the maximum amount of contact between managers and team leaders and their team members to achieve mutual understanding of expectations and to provide a means of two-way communications.

- By adopting a general policy of transparency – ensuring that on all matters that affect them, employees know what is happening, why it is happening and the impact it will make on their employment, development and prospects.
- By developing HR procedures covering grievance handling, discipline, equal opportunities, promotion and redundancy and ensuring that they are implemented fairly and consistently.
- By developing and communicating HR policies covering the major areas of employment, development, reward and employee relations.
- By ensuring that the reward system is developed and managed to achieve equity, fairness, consistency and transparency in all aspects of pay and benefits.
- Generally, by advising on employee relations procedures, processes and issues that further good collective relationships.

## 5 IMPLEMENTATION OF RESEARCH AND RESEARCH RESULTS ANALYSIS

This is the research part of the thesis and qualitative research and quantitative research were used as the research methods in the research process. Qualitative research is a method of inquiry employed in many different academic disciplines, traditionally in the social sciences, but also in market research and further contexts (Denzin and Lincoln 2005, 6). In sociology, quantitative research refers to the systematic empirical investigation of social phenomena via statistical, mathematical or numerical data or computational techniques (Given 2008, 23).

### 5.1 Implementation of the research

The implementation of the research is shown in Figure 16.

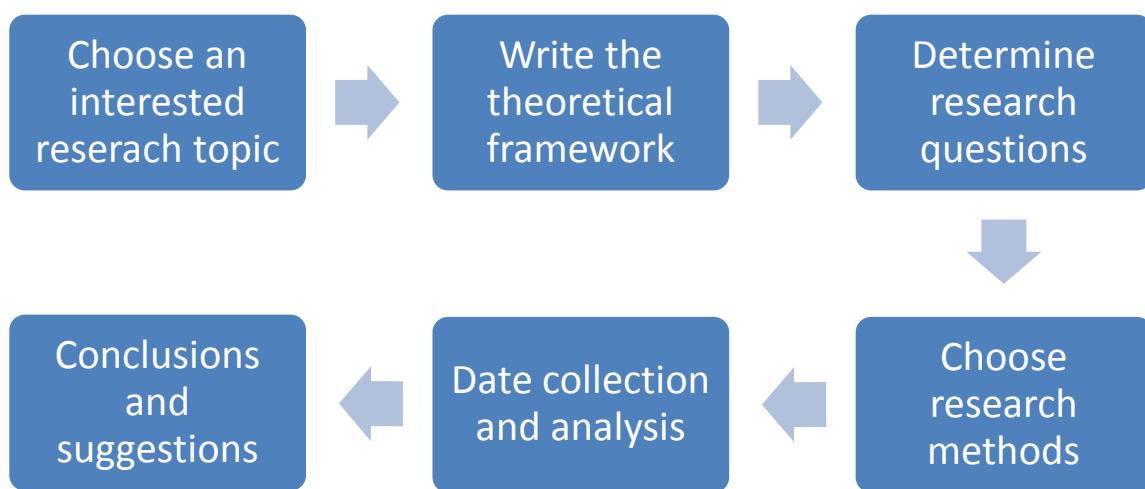


FIGURE 16. Implementation of the research

The target of the thesis was Anhui Cool-Baby Children Products Co. Ltd. The first reason for choosing Cool-Baby as the target of the thesis was that the researcher had his internship in the case company during summer holiday in 2013. The researcher worked in the Foreign Trade Department of the company as a salesman and was responsible for contacting foreign clients and selling products for two and a half months. So the researcher was familiar with the business processes of Cool-Baby. The second reason was that the researcher's mom works in Cool-Baby. She is a department manager and it was easy for the researcher to get some important information about Cool-Baby from her. The last and more personal reason was that the researcher would

like to establish his own company in the future. The researcher needed good knowledge about business processes of a company before he would have one.

The objectives of the thesis were to understand the business processes of Anhui Cool-Baby Children Products Co. Ltd. and find out the strengths and weaknesses in business processes of Cool-Baby, then give some suggestions to improve the business processes of Cool-Baby. So the theory of business processes was needed. The theory part of the thesis had three chapters, including chapters 2, 3, and 4. Chapter 2 introduced the management processes of a company which contains corporate governance and strategic management. Chapter 3 was made of purchasing, manufacturing, marketing and sales which belong to operational processes of a company. And the content of chapter 4 was supporting processes of a company, accounting and finance, and human resources management included.

The research methods of the thesis contained qualitative research and quantitative research. As the qualitative research, the department managers of Cool-Baby were interviewed via video applications. The interview process took three days and there are six department managers of Cool-Baby that were interviewed. The online questionnaires were used in quantitative research. The questionnaires were made by Webropol. 150 questionnaires were sent to staff members of Cool-Baby by e-mails and 108 questionnaires were filled in.

The research questions were aiming at achieving the objectives of the thesis. So these questions focused on the strengths and weaknesses in business processes of Cool-Baby. The research questions were determined with the help of the thesis's supervisor.

After gathering and collecting the research data, next move was to analyze the research results. In the end, conclusions of the research and suggestions to improve the business processes of Cool-Baby were done.

## **5.2 Analysis of the research results**

The research can be divided into two parts: questionnaire and interview. There were 108 questionnaires filled in by the staff members of Cool-Baby and nineteen employees of Cool-Baby were interviewed. The online questionnaires were sent to the staff members of Cool-Baby on 6th April, 2014 and the deadline of the questionnaire survey was 10th April 2014. The interviews started on 9th April 2014 and took three days.

### 5.2.1 Analysis of the survey results

There were 20 questions in the questionnaire and the questionnaires are attached as appendices in the end of the thesis report in English and Chinese. The results of the questions and analysis of the results are as follows.

1. What is your gender?

- Male
- Female

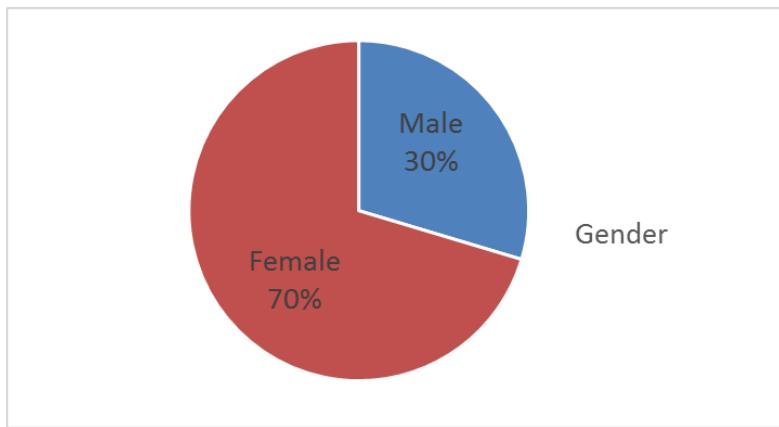


FIGURE 17. Gender of the respondents (n=108)

From Figure 17, it can be found that 70 % of the respondents were females. Because most of the jobs in Cool-Baby are suitable for both females and males and most of the workers in sewing workshop of production department are female workers.

2. What is your age group?

- 16-25
- 26-35
- 36-45
- More than 45

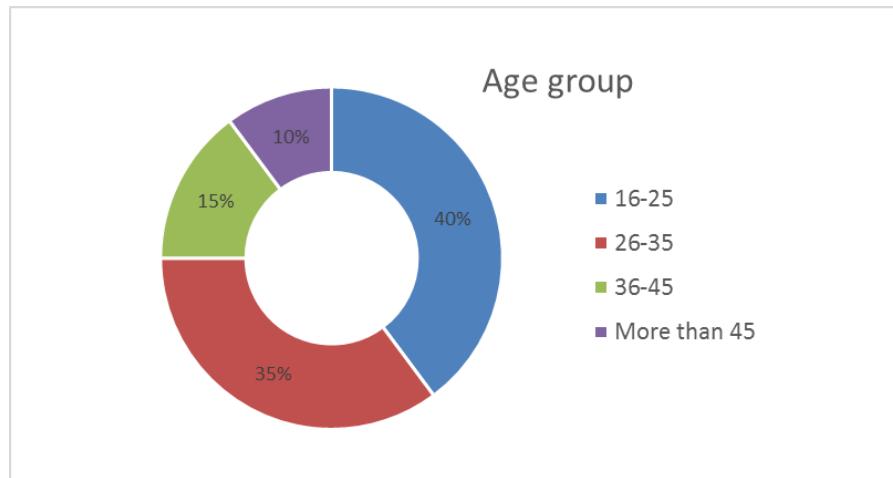


FIGURE 18. Age group of the respondents (n=108)

Figure 18 shows that about 75 % of the staff members are under 36 years old in Cool-Baby. The employees of Cool-Baby are quite young.

3. What is your educational background?

- Primary school
- Middle school
- High school
- Professional college
- Bachelor
- Master

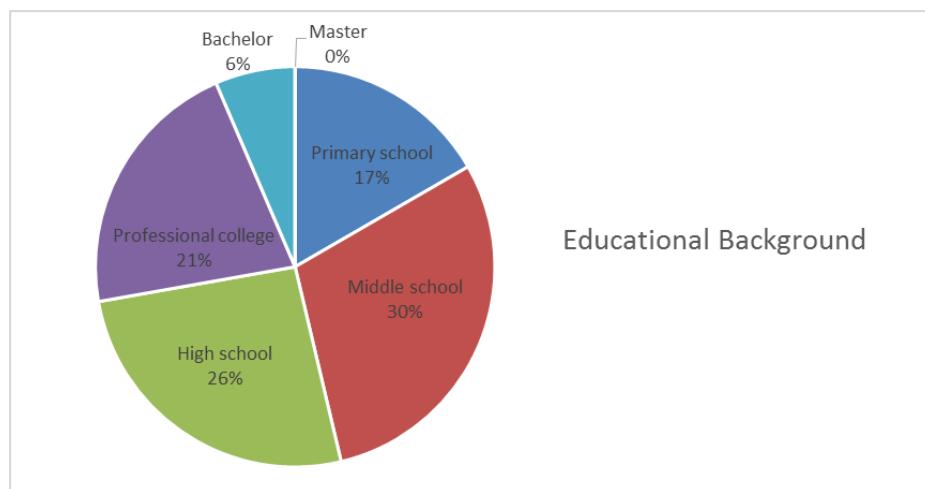


FIGURE 19. Educational Background of the respondents (n=108)

It can be seen from Figure 19 that most of the respondents never went to university and just 6 % respondents have Bachelor's degree, and no one has master's degree. So the

whole educational level of the employees in Cool-Baby is very low. Cool-Baby is a manufacturing company and it prefers persons who have work experience rather than persons who are well-educated. However, in certain fields like accounting and marketing department, professional knowledge is needed. So the requirement of employee's educational background in these departments is higher than others.

#### 4. What is your position in Cool-Baby?

The questionnaires were sent to every department of Cool-Baby randomly. Figure 20 shows the result of the respondents' positions in Cool-Baby.

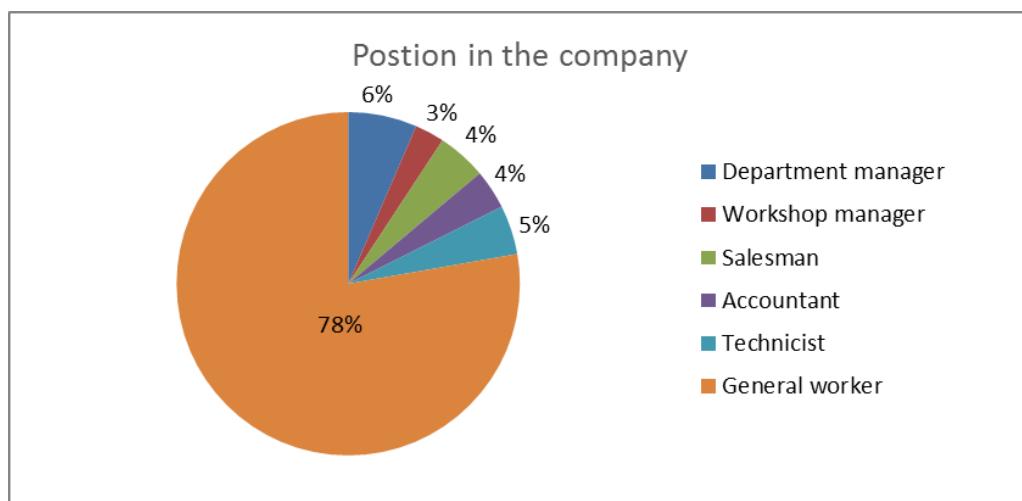


FIGURE 20. Respondents' positions in Cool-Baby (n=108)

Figure 20 shows that general workers have a very important role in Cool-Baby. General workers like assembly workers and sewing workers are the main work force of Cool-Baby. Rest of the employees like managers and salesmen are much less than general workers, but they are as important as general workers to Cool-Baby.

#### 5. How well qualified you are for your position in Cool-Baby?

- Very well
- Well
- Ordinary
- Bad
- Very bad

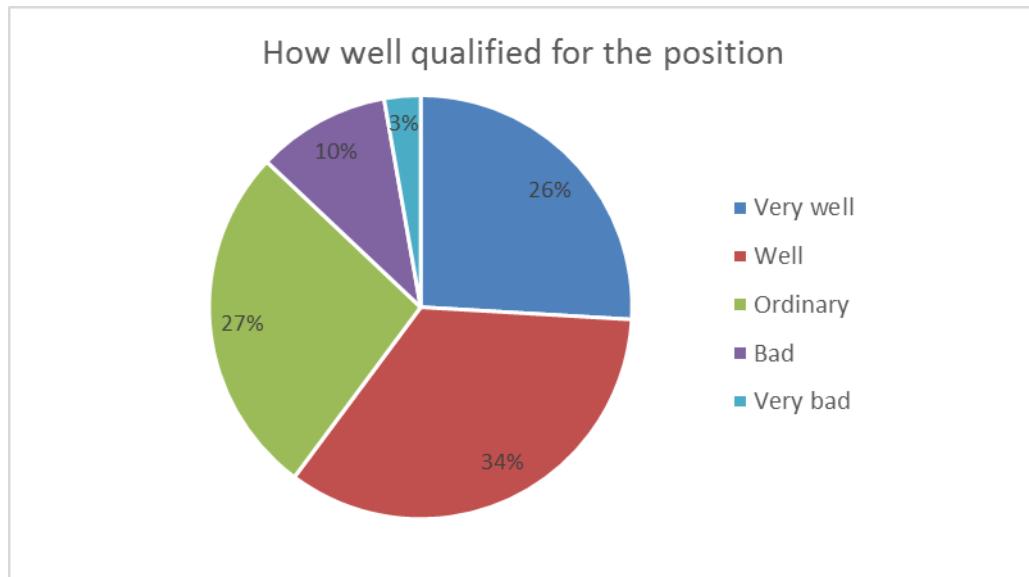


FIGURE 21. How well qualified for the position (n=108)

Figure 21 shows that 60 % of the respondents were well qualified for their positions in Cool-Baby and 13 % of the respondents were badly qualified for their positions in Cool-Baby. Rest of the respondents was just ordinarily qualified for their positions. So we can say that most of the employees of Cool-Baby are qualified for their positions, but there are still some problems with qualification of some of the employees.

6. How long have you been working in Cool-Baby?

- Less than 1 year
- Between 1 and 2 years
- Between 2 and 3 years
- More than 3 years

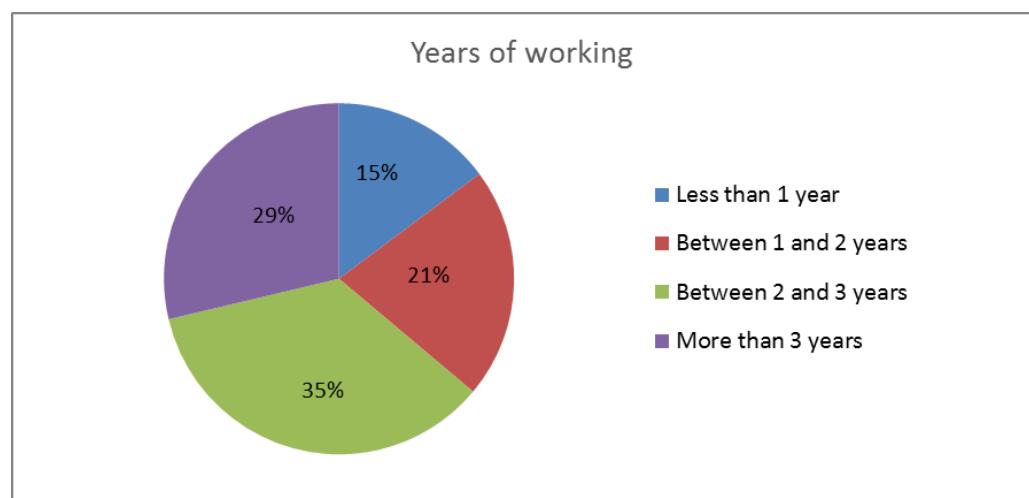


FIGURE 22. Years of working in Cool-Baby (n=108)

It can be seen from Figure 22 that about 75 % of the respondents had been working in Cool-Baby for more than 1 year. And 29 % of the respondents had been working there for more than 3 years. It was good for the company to have a group of loyalty employees. It was also necessary to expand the company with new and young employees and keep the vital and creative.

7. Are you satisfied with your salary?

- Very satisfied
- Satisfied
- Dissatisfied
- Very dissatisfied

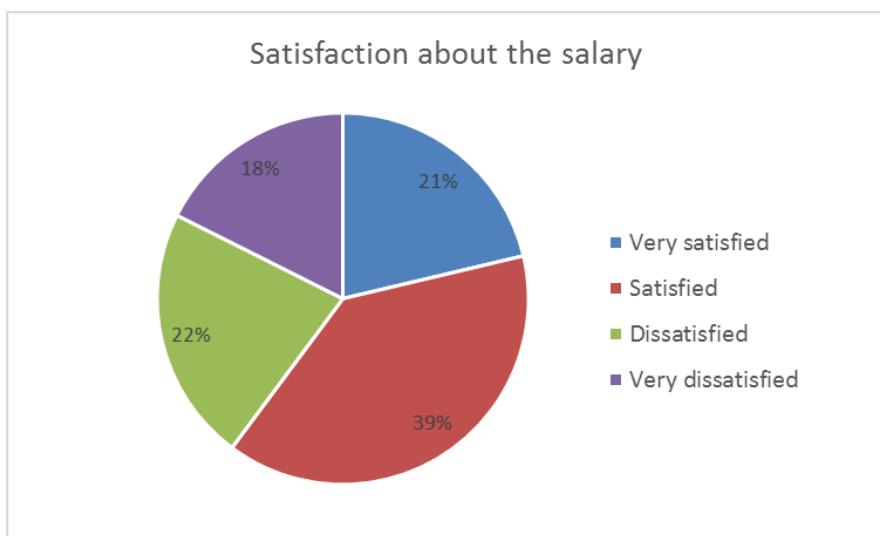


FIGURE 23. Satisfaction about the salary (n=108)

Figure 23 shows that 60 % of the respondents were (very) satisfied with their salaries and 40 % of the respondents were (very) dissatisfied with their salaries in Cool-Baby. The reason why so many employees were (very) dissatisfied with their salaries was that the salaries are lower than they expected and they often can't get the salaries on time. The reason was observed when the researcher was working in the case company.

8. Are you satisfied with the salary system in Cool-Baby?

- Very satisfied
- Satisfied
- Dissatisfied
- Very dissatisfied

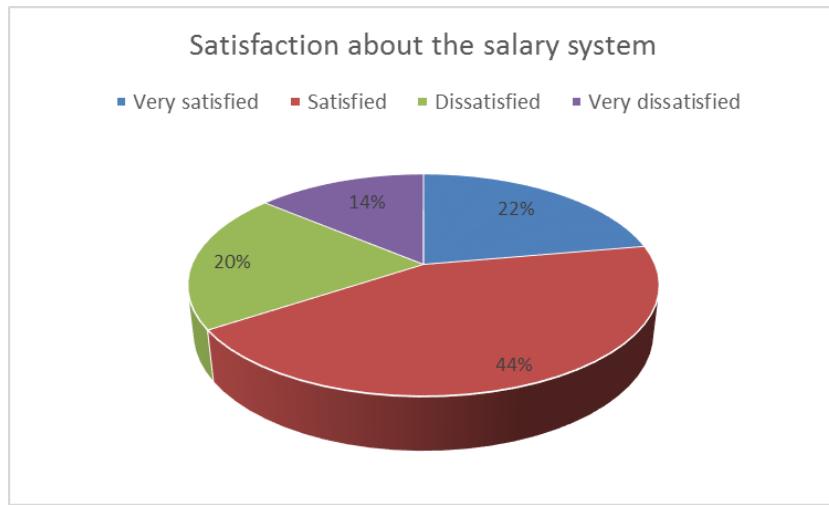


FIGURE 24. Satisfaction about the salary system (n=108)

Figure 24 shows that 66 % of the respondents were (very) satisfied with the salary system in Cool-Baby and 34 % of the respondents were (very) dissatisfied with the salary system. Based on the result of Question 7, the main reason of the 34 % respondents were (very) dissatisfied with the salary system was that the salaries are lower than they expected and they often can't get the salaries on time.

9. Are you satisfied with the welfare system in Cool-Baby?

- Very satisfied
- Satisfied
- Dissatisfied
- Very dissatisfied

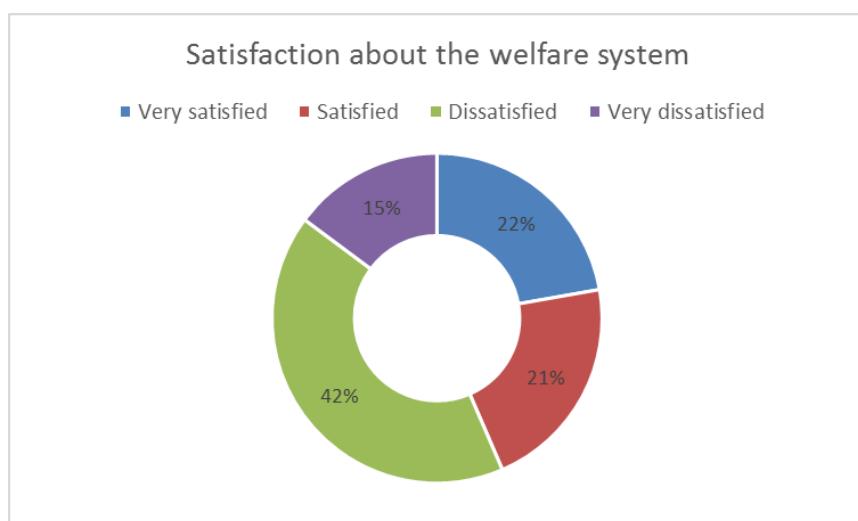


FIGURE 25. Satisfaction about the welfare system (n=108)

It can be seen from Figure 25 that 43 % of the respondents were (very) satisfied with the welfare system and 52 % of the respondents were (very) dissatisfied with the welfare system in Cool-Baby. When the researcher worked in Cool-Baby, he always heard some complains about the short rest day, less benefits and other welfare issues from the employees of Cool-Baby.

10. Do you have any opportunities to learn and develop yourself in Cool-Baby?

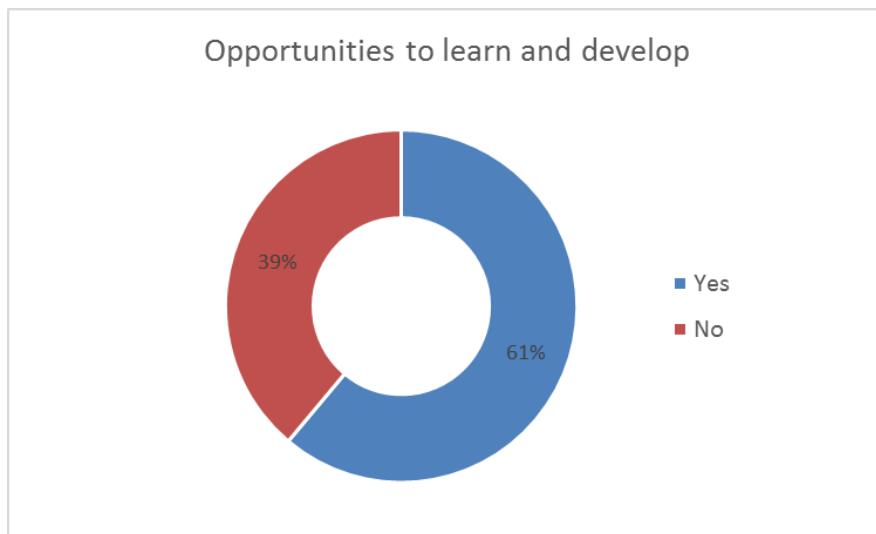


FIGURE 26. Opportunities to learn and develop (n=108)

Figure 26 shows that 61 % of the respondents had opportunities to learn and develop themselves in Cool-Baby. The opportunities mainly contained professional training, business trips, visiting other companies, etc. There are also 39 % of the respondents who didn't have the opportunities to learn and develop themselves in Cool-Baby. The obvious reason could be that the case company can't take good care of every employee.

11. What is the most important thing you expect besides the salary in Cool-Baby?

- Improve your working ability
- Comfortable working environment
- Good relationship with workmates
- Working achievability

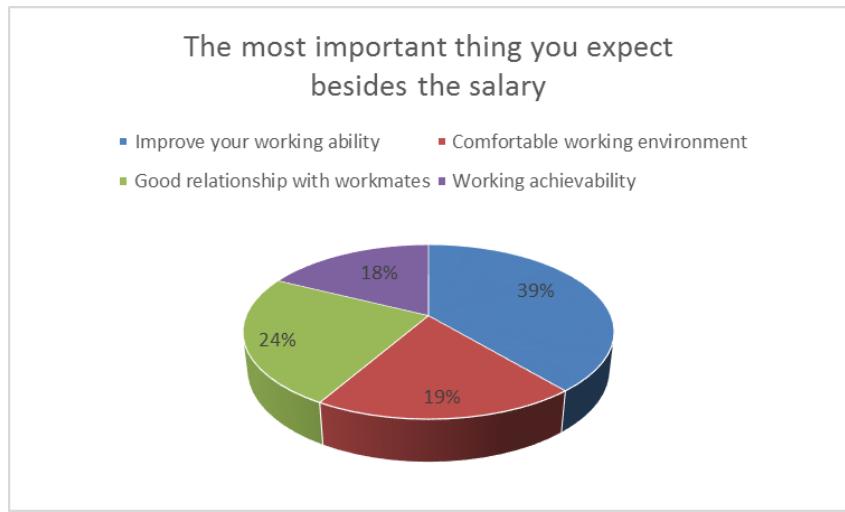


FIGURE 27. The most important thing expected besides the salary (n=108)

Figure 27 shows that 39 % of the respondents thought that improving the working ability is the most important thing expected besides the salary. 19 % of the respondents chose the comfortable working environment, 24 % of the respondents chose the good relationship with workmates and 18 % of the respondents chose the working achievability.

12. Are you willing to work in Cool-Baby for a long time in the future?

- Yes, still in this position
- Yes, change to another position
- No, I am looking for a new job
- No, but still working here for 1 or 2 years

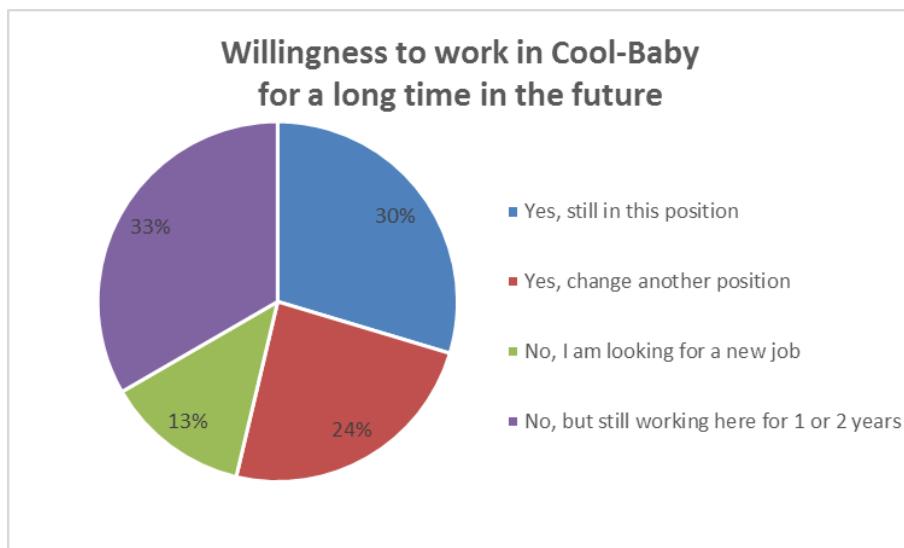


FIGURE 28. Willing of working in Cool-Baby for a long time in the future (n=108)

Figure 28 shows that 54 % of the respondents were willing to work in Cool-Baby for a long time in the future and rest of the respondents were not. We can deduce that one of the reasons that these employees were not willing to work in Cool-Baby for a long time in the future is that these employees were dissatisfied with the salary and welfare system in Cool-Baby.

13. Are you confident with the future of Cool-Baby?

- Very confident
- Confident
- Not confident
- Never thinking about it

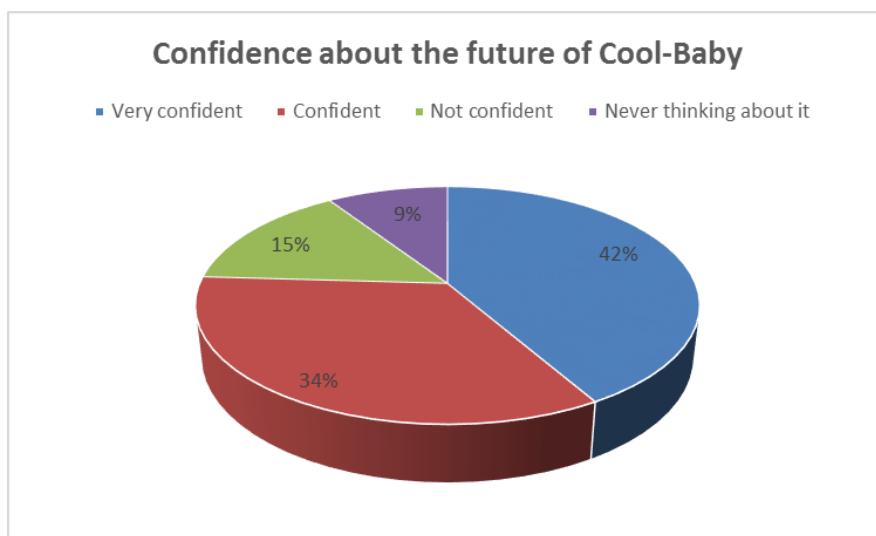


FIGURE 29. Confidence about the future of Cool-Baby (n=108)

It can be seen from Figure 29 that 76 % of the respondents were (very) confident for the future of Cool-Baby. Rest of the 24 % of the respondents didn't think in the same way and they didn't have confidence about the future of Cool-Baby. Hopefully, there were just about a quarter of the employees feel that way, but it was still a serious issue that needed to be solved by Cool-Baby.

14. Is the working atmosphere in your working place positive or negative?

- Positive
- Ordinary
- Negative

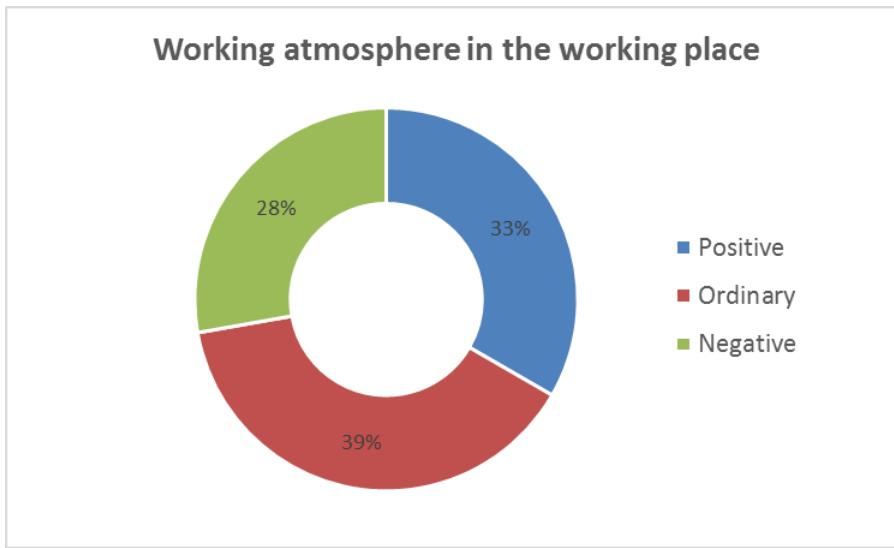


FIGURE 30. Working atmosphere in the working place (n=108)

Figure 30 shows that the working atmosphere of Cool-Baby was not positive enough and just 33 % of the respondents thought the working atmosphere is positive. 28 % of the respondents thought that the working atmosphere in the working place is negative. Both the managers and employees need to take the responsibilities for this problem.

#### 15. How comfortable is your working environment?

- Very Comfortable
- Comfortable
- Uncomfortable
- Very uncomfortable

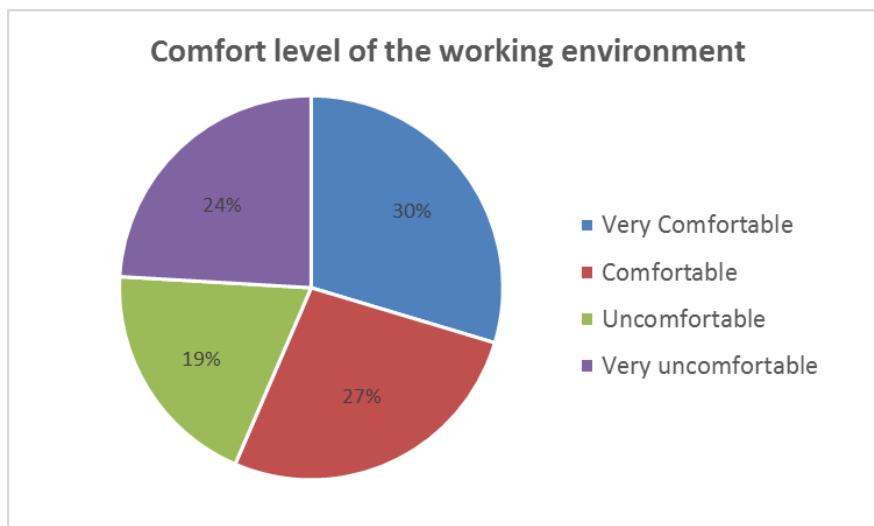


FIGURE 31. Comfort level of the working environment (n=108)

Figure 31 shows that 57 % of the respondents thought that the working environment in Cool-Baby is (very) comfortable and 43 % of the respondents didn't think so. The bad situation of the comfort level of the working environment in Cool-Baby is a serious problem. It would affect the working efficiency of the employees.

16. Do you think the managers have enough communication with the employees?

- Well enough
- Enough
- Not Enough
- Not enough at all



FIGURE 32. Communication between the managers and the employees (n=108)

It can be seen from Figure 32 that 56 % of the respondents thought the communication between the managers and the employees is (well) enough in Cool-Baby. However, 44 % of the respondents didn't think the managers have enough communication with the employees. Enough communication between the managers and the employees can reduce the mistakes in the working process and keep a good employment relationship. General speaking, the communication between the managers and the employees in Cool-Baby is not enough.

17. What is your relationship with your workmates like?

- Very good
- Good
- Bad
- Very bad

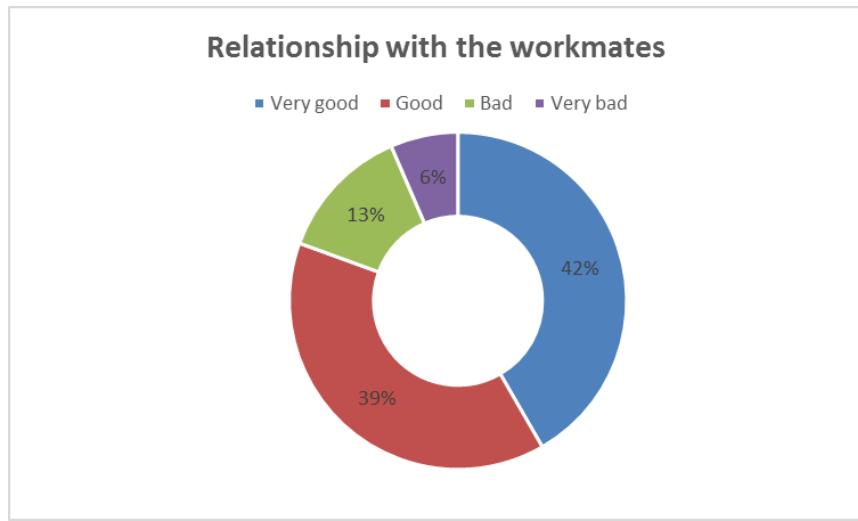


FIGURE 33. Relationship with the workmates (n=108)

Figure 33 shows that 81 % of the respondents who had (very) good relationships with their workmates in Cool-Baby. But there is still 19 % of the respondents had (very) bad relationships with their workmates. The general situation of the relationships between the employees in Cool-Baby is good. It would be helpful to improve the working efficiency of the employees.

18. What is the biggest reason that makes you feel stressed?

- Lots of work
- Difficulties at work
- Limited working time
- Manager's strict requirements
- Other, what



FIGURE 34. The biggest reason to feel stressed (n=108)

Figure 34 shows that the biggest reason that makes the employees in Cool-Baby feel stressed was limited working time, there were 32 % of the respondents who thought in this way. And the other reasons that made the employees feel stressed were lots of work (23 %), difficulties at work (20 %) and manager's strict requirements (16 %). The rest 9 % of the respondents had some personal reasons that make them feel stressed. It is very normal to feel stressful for employees; it would be reduced by the co-operation between the managers and employees in Cool-Baby.

19. Have there been any accidents in your working place during the past one year?

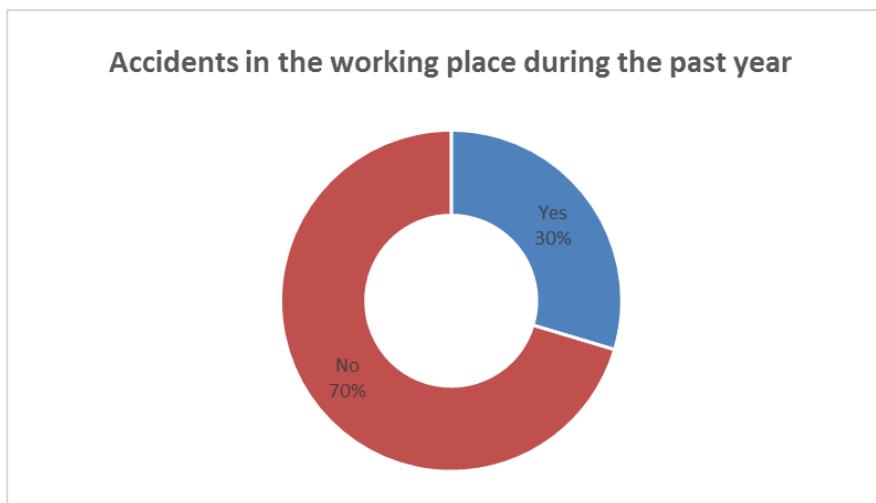


FIGURE 35. Accidents in the working place during the past year (n=108)

It can be seen from Figure 35 that there were some accidents that happened in 30 % of the respondents' working place in Cool-Baby during the past year. The accidents mainly happened in the hardware workshop of production department in Cool-Baby and some workers were hurt by the production machines. Fortunately, these accidents were not serious and the workers got compensation from Cool-Baby and got well.

20. What are your suggestions to Cool-Baby?

After collecting and analyzing the results of this question, there are some important suggestions given by the employees of Cool-Baby. The suggestions are as follows:

- Improving the salary system and welfare system
- Providing more opportunities of learning and development to employees
- Improving the comfort level of the working environment

### 5.2.2 Analysis of the interview results

There were six department managers of Cool-Baby who were interviewed via video applications. Some information about the department managers of Cool-Baby are shown in Table 1.

TABLE 1. Interviewed department managers of Cool-Baby

Name	Position in Cool-Baby	Interview time
Zhang Yingnian	General manager	09.04.2014
Lu Guanghao	Purchasing manager	09.04.2014
Zhang Bing	Production manager	10.04.2014
Liu Feng	Sales manager	10.04.2014
Wang Banglin	Financial manager	11.04.2014
Zhang Dehui	HR manager	11.04.2014

The interview questions were designed for different department managers and included six parts. The interview questions are attached as appendix in the end of the thesis report. The results of the interview questions and analysis of the answers are as follows.

#### Questions for general manager

1. What is the development strategy of Cool-Baby now?

Cool-Baby is planning to build an industrial park which is based on the current factory and go public within three years. (It is 2014 now).

2. What strengths does Cool-Baby have to make to survive in the competitive market?
  - Cool-Baby has been doing this business for about eight years since 2006, so we have strong network and experience in children's products.
  - Our products are safe, advanced and environmentally friendly, and they are welcomed by customers at domestic and international markets.

3. What opportunities does Cool-Baby have?

- Local government gave a lot of support to the companies like Cool-Baby in recent years, such as the preferential policy about the bank loan for the companies.
- With the improvement of people's life standard, people pay more attention to the quality of their lives, especially relating to their children. Many people buy beds or strollers for their children. So there is a great demand for children's products now.
- The children's products market is still an unsaturated market and full of profit opportunities.

4. What challenges does Cool-Baby meet in the business processes?

The main challenges in the business processes of Cool-Baby are as follows:

- The outputs of production department can't satisfy the orders.
- The working efficiency of production department is not enough.
- The purchased raw materials always have some problems and block the production processes.
- There are still some technical problems in the products and we often get complaints from customers.

5. Are there any bottlenecks in the development processes of Cool-Baby?

Yes, there are. The technical problem of the products is one of the biggest bottlenecks in the development processes of Cool-Baby. We had a technical problem with wheels of a kind of stroller and the production process of that stroller was forced to shut down. It took us almost one and a half months to solve the technical problem and we got a big loss.

6. Evaluate the co-operation between the different departments?

Generally speaking, the co-operation between the different departments is not bad. But there are still some problems in the co-operation between purchasing department and

production department, and the co-operation between production department and sales department. The purchased raw materials often have some problems and block the production processes. The outputs of production department can't satisfy the orders from production department.

### Analysis and conclusion

Cool-Baby is planning to build an industrial park and go public in three years. Strong network and experience in children's products business field and the safe, advanced and environmental friendly products are the strengths of Cool-Baby. The main challenges in the business processes of Cool-Baby are the low working efficiency of production department, technical problems in the products and the difficulties in the co-operation between different departments. Support of local government and great demand in the market are the opportunities of Cool-Baby's development.

### **Questions for purchasing manager**

1. What kind of materials need to be purchased in Cool-baby?

Most of the raw materials are purchased from suppliers, such as cloth, wheels, wood planks, steel tubes, etc.

2. What kind of materials are produced by Cool-Baby?

Cool-Baby doesn't produce raw materials, but we process the raw materials into semi-finished products. For example, we cut the big wood planks into small pieces for the beds and process the steel tubes into specific lengths and shapes.

3. Does Cool-Baby have some long-term co-operation relationship with some suppliers?

Yes, we have. Cool-Baby has some long-term co-operation relationship with some cloth and hardware suppliers. We often compare the prices offered by the suppliers and choose one or two satisfied suppliers.

4. What are the difficulties in the purchasing processes of Cool-Baby? How do you deal with them?

There are two main difficulties in the purchasing processes of Cool-Baby. The suppliers can't deliver on time sometimes and the raw materials purchased often have some quality problems, like poor quality and chromatic aberration. We must negotiate with the suppliers and ask for refund or compensation. We also need to inform the customer that we have to delay the delivery date.

5. What strengths does purchasing department have?

We have strong network and experience in purchasing. We have some long-term co-operation relationship with some suppliers and we can always purchase the raw materials at a reasonable price.

6. Are there any problems in the co-operation with production department?

Yes, there are. Quality problems of the purchased raw materials will block the production process in production department.

#### Analysis and conclusion

Most of the raw materials of Cool-Baby are purchased from suppliers and Cool-Baby has some long-term co-operation relationship with cloth and hardware suppliers. The late delivery of suppliers and quality problems of purchased products are the main difficulties in the purchasing processes of Cool-Baby. Purchasing department of Cool-Baby has strong network and experiences of purchasing. But the co-operation with production department still has problems.

#### Questions for production manager

1. What is the organization structure of the workshops?

There are three workshops in production department and they are hardware workshop, sewing workshop and assembly workshop. Every workshop has one director and one vice director. Every production line has a headman. There are three or four headmen in one workshop. General worker is the base unit of the workshop.

2. How often is re-working needed in a month?

Most of the re-working happened in the sewing workshop and the re-working happened two or three times every month.

3. What are the reasons of re-working?

There are two main reasons of re-working: the workers didn't follow the production orders totally and the salesmen made some mistakes in the production orders.

4. What is the condition of the production machines?

The production machines were purchased in 2010 and the service life is 10 years. The machines are examined and maintained twice a month. The workers will check the machines every morning before working. The condition of all the production machines is good in general.

5. What strengths does production department have?

The production lines are advanced and effective. There are many workers who have been working in this department for more than 3 years and they are professional and full of experiences. They can train the new workers and lead the production processes.

6. What are the difficulties in the production processes of Cool-Baby? How do you deal with them?

- The production processes are often forced to stop because of the lack of the raw materials or because the raw materials have quality problems.
- Some new workers are not familiar enough with their tasks and they often make mistakes.
- The production processes are not effective enough and the output of the production department can't satisfy the orders of sales department.
- The workshops aren't in good order and some semi-finished products like cloth were put on the floor. It will affect the quality of the products.

## 7. Are there any problems in the co-operation with sales department?

The main problem is that the orders from sales department are beyond our production capacity. And there are a few mistakes in the production orders sometimes, some of the mistakes can be found before the production processes, but some mistakes were found during the production processes. The salesman who made the production order should take the responsibility of the loss.

### Analysis and conclusion

The workers of production department didn't follow the production orders totally and the salesmen made some mistakes in the production orders which caused two or three times re-working every month. The production machines are examined and maintained twice a month and they are all in good condition. The strengths of production department are the production lines are advanced and effective and there are many professional and experienced workers in this department. Problems of raw materials, new workers making mistakes, low working efficiency and bad order of workshops are the main difficulties in the production processes of Cool-Baby. The problems in the co-operation with sales department are that the orders from sales department are beyond the production capacity and there are a few mistakes in the production orders.

### Questions for sales manager

#### 1. What are the main competitors in domestic and international markets?

The main competitors in domestic markets are Sanle and Goodbaby, two famous children product manufacturers in China. The main competitors in international markets are Britax (UAS) and Gubi (Danish).

#### 2. What are the advantages and disadvantages of your products?

The main advantages of our products are safe, advanced and environmentally friendly products. The main disadvantages of our products are that the cloth of some products is difficult to be cleaned and some products still have some small problems, such as some parts of the product may be missing in the carton and some products have some sanitation problem issues with the cloth.

3. What are the customers' opinions about your products?

The main customers of Cool-Baby are distributors and retailers. Our products are very popular in the market based on the feedback of our customers. The products are good in general, but some improvement must be done in the future, such as the quality of the products.

4. What kind of methods does the company use to motivate the salesmen?

The salary of salesman is made of two parts: basic pay and commission pay. Commission pay is based on the sales of the salesman. The more sales the salesman creates, the more commission pay the salesman will get. And every salesman has year-end bonus depending on his or her performance during the year.

5. What kind of sales promotion does the company use?

Trade promotion, customer promotion and salesforce promotion are used in the marketing processes of Cool-Baby. Trade promotion includes providing discount and samples to distributors and retailers. Customer promotion is used in online selling and the main method is to reduce the price. Salesforce promotion is same with the methods that Cool-Baby uses to motivate the salesmen.

6. What are monthly sales of the three sections (International, domestic and online selling) in the department?

The monthly sales of international section are 16 million RMB. There are 2.5 million RMB monthly sales in domestic section and 50 thousand RMB monthly sales in online selling section. (Average monthly sales in 2014)

7. What are the strengths of the salesmen?

- All the salesmen have college educational background and they have professional knowledge of sales.
- Most of the salesmen have been doing the sales work for more than 4 years and they have a lot of selling experience.

- Salesmen from international section speak good English and have good communication skills.
- Most of the salesmen are active and hard-working.

8. What are the weaknesses of the salesman?

- A few salesmen don't have much sales experience and they lack of working passion.
- Some salesmen give up easily and let the customers slip away sometimes.

9. Are there any problems in the co-operation with production departments?

The outputs of production department are lower than we expect and we are forced to delay the delivery dates of some orders. Sometimes the production department couldn't follow the production orders totally and some mistakes happened.

**Analysis and conclusion**

The main advantages of Cool-Baby are safe, advanced and environmentally friendly products. The main disadvantages of the products are the cloth of some products is difficult to clean and some products still have some small problems. Customers think that the quality of the products should be improved. Cool-Baby uses commission salary and year-end bonus to motivate the salesmen. Trade promotion, customer promotion and salesforce promotion are used in the marketing processes of Cool-Baby. Most salesmen of Cool-Baby have professional selling knowledge, selling experience and good English and communication skills and they are active and hard-working. However, a few salesmen don't have much sales experience and they lack of working passion and some salesmen gave up easily and let the customers slip away sometimes. In the co-operation with production departments, low outputs of production department and some mistakes in production process caused some problems.

**Questions for financial manager**

1. What are the main tasks of financial department?

The main tasks of financial department contain:

- Recording the daily income and expenses;
- Registering on the account;
- Accounting the costs;
- Making tax declaration and export rebates;
- Supervising the financial situation of the company

2. What are the most common terms of payment in purchasing processes?

The amount of purchasing is usually very large and we seldom pay in cash. The most common terms of payment in purchasing processes is acceptance. Acceptance is a contractual agreement on a time draft or sight draft to pay the amount due at a specified date (Investopedia. Acceptance).

3. What are the most common terms of payment in sales processes?

- Cool-Baby uses FOB (Shanghai) price in export transactions and the most common terms of payment are T/T 30 % in advance and 70 % balance against the copy B/L.
- The domestic distributors and retailers often pay in cash or acceptance after signing contracts with Cool-Baby.
- In the online selling processes, customers can only pay with the e-bank.

4. Does your company have any financial tension situation and why?

Yes, the main financial tension situation is the difficulty in the turnover of capital. Because there are many receivables and the cash flow is not enough.

5. What challenges does financial department meet in the work?

The main challenges include that it is hard to ensure the accuracy of cost accounting and accountants' understanding and using level of tax law.

6. What are the strengths of financial department of Cool-Baby?

All the accountants are well-trained and have much working experience. We all have active and strict working attitude.

7. Are there any problems in the co-operation with other departments?

- Purchasing department increases the purchasing amount or sales department has a decrease in sales and this will cost the difficulty in turnover of capital.
- The imprecise information about costs provided by production department affects the accuracy of cost accounting.

**Analysis and conclusion**

The most common terms of payment in purchasing processes of Cool-Baby is acceptance. The most common terms of payment is T/T in export transactions, cash or acceptance in domestic sales processes and e-bank in online selling processes. Too many receivables and low cash flow caused difficulty in the turnover of capital. The main challenges that financial department meets in the work include hard to ensure the accuracy of cost accounting and accountants' understanding and using level of tax law. The strengths of financial department of Cool-Baby are that all the accountants are well-trained and have much working experience, and they all have active and strict working attitude. In the co-operation with other departments, purchasing department increases the purchasing amount or sales department has a decrease in sales will cost the difficulty in turnover of capital. The imprecise information about costs provided by production department affects the accuracy of cost accounting.

**Questions for HR manager**

1. How many people in the average are leaving monthly and why?

Most of the employees who leave the company are from production department and there are about 10 people monthly. The main reasons are their dissatisfaction with the salary and some personal reasons.

2. What are the common requirements of the employees in different departments?

The common requirements for all employees in Cool-Baby are more than 16 years old, healthy and don't have bad hobbies. The requirements of different departments are as follows:

- Production department: Having common working experiences and literate.
- Financial department and sales department: At least have professional college educational background and having more than three years of common working experience.
- Purchasing and H&R departments: At least middle school educational background and more than two years of common working experience.

3. Does the company have learning and development programs for the employees?

- The new employees will be trained until they are qualified for their work.
- The learning meetings will be held twice a month for the department managers and some key workers like salesmen and accountants to improve their working abilities.
- Employees who have excellent performance will get promoted.

4. What are the rewarding systems in different departments?

The rewarding systems for all the departments are holiday allowance and the year-end bonus. Some rewards will be given to the employees who make great contributions to the company. Employees who have been working in Cool-Baby for more than five years can have a free trip organized by Cool-Baby every year. The rewarding systems in different departments are as follows:

- Production department: Production manager and the workshop directors can deduct a percentage from the sales when they achieve the monthly production goal.
- Sales department: Salesmen can deduct a percentage from the sales. Sales manager and salesmen can get extra rewards when they achieve certain sales.

5. What is the welfare system in Cool-Baby?

- All the employees have the endowment insurance and accident insurance paid by Cool-Baby.
- All the employees can get a small present and SMS greeting on their birthdays.
- Every employee can get 100 RMB every month to relieve the heat in July, August and December every year.
- All the employees can get some gifts in national festivals, such a bag of moon cakes in Mid-autumn Festival.

Analysis and conclusion

There are about 10 people from production department who leave the company monthly. Learning and development programs for the employees in Cool-Baby contain training for new employees, learning meetings for department managers and key workers and promotion employees who have excellent performances. Cool-Baby still has rewarding system and welfare system to motivate the employees.

## **6 SUGGESTIONS TO ANHUI COOL-BABY CHILDREN PRODUCTS CO. LTD.**

After the implementation of the research and analysis of the survey and interviews' results, the business processes of Cool-Baby were learned and the strengths and weaknesses in the business processes of Cool-Baby were found. This chapter is aiming at giving some suggestions to improve the business processes of Cool-Baby.

### **6.1 General suggestions to Cool-Baby**

According to the research, 40 % of the employees of Cool-Baby were not well qualified for their positions and 39 % of employees in Cool-Baby didn't have the opportunities to learn and develop themselves. These are two of the reasons that the working efficiency is not high in some departments. So the training work must be done very well, not only training the new employees, but also training the employees for new technology or other new things that are brought into Cool-Baby. Some people in Cool-Baby like workshop directors must take the responsibility to train and control the training results. If the employees still don't qualify for their positions after training, they should be changed to other suitable positions or get fired. It is impossible for Cool-Baby to take care of all the employees but Cool-Baby should try its best to consider employees' situation more and give them opportunities to learn and develop themselves.

The results of the research show that there were 40 % of the employees in Cool-Baby who were (very) dissatisfied with their salary and 34 % of the employees are (very) dissatisfied with the salary system in Cool-Baby. The reasons were that the salaries are lower than they expected and they often can't get the salaries on time. There are 52 % of the employees who were (very) dissatisfied with the welfare system in Cool-Baby because of the short rest day, less benefit and other welfare issues. The dissatisfaction feelings of the employees will affects the working efficiency, so Cool-Baby should do some adjustments in the salary system like improving the salaries and providing more benefits to the employees. Cool-Baby should also try to pay the salaries on time. If the salaries can't be paid on time, Cool-Baby must give a convincing explanation to the employees in time and try to pay the salaries as soon as possible. It is understandable for employees to ask for more days off, Cool-Baby can give more personal time to the employees if the business processes will not be affected.

24 % of the employees didn't have confidence with the future of Cool-Baby and 46 % of the employees weren't willing to work in Cool-Baby for a long time in the future. Except

improving the salaries and welfare in Cool-Baby and other methods mentioned before, Cool-Baby should also advertise the company to its employees and improve the employee's confidence to Cool-Baby. Cool-Baby can let the department managers and workshop directors build the good images for the company during work.

According to the research results, 28 % of the employees in Cool-Baby thought the working atmosphere is negative and 43 % of the employees thought the working environment in Cool-Baby is (very) uncomfortable. The negative working atmosphere and uncomfortable working environment have a bad influence on the working efficiency. The managers and workshop directors of Cool-baby should build a harmonious and positive working atmosphere to the employees. They can be friendlier to the employees and take good care of them. The working environment must be clean and suitable for working, like comfortable temperature.

44 % of the employees in Cool-Baby thought the managers didn't have enough communication with the employees and 19 % of the employees didn't have good relationships with their workmates. The managers should communicate with the employees as much as they can; it is helpful to reduce the mistakes in working processes and build a good employment relationship. It is also helpful to solve the bad relationships between the employees.

The research shows that there are some accidents happened in hardware workshop. The workers must be well trained before using the production machines and the production machines must be examined and maintained by professional technicians regularly. Cool-Baby should take responsibility for the accidents and compensate to the employees who get hurt in the accidents.

## **6.2 Suggestions to the different departments of Cool-Baby**

### **Purchasing department**

To solve the late delivery of suppliers, purchasing manager should arrange the purchasing dates according to the production schedule and inventory. So the suppliers have enough time to deliver the products and the delivery doesn't affect the production processes.

As to the quality problems like poor quality and chromatic aberration, purchasing manager should ask the suppliers to provide samples before purchasing. Cool-Baby

must sign strict agreements with the suppliers that they should take the responsibility for the quality problems and make the compensation to Cool-Baby's loss. Cool-Baby should find at least two suppliers for one raw material in case of the supplier can't supply the raw materials sometimes or can't deliver on time.

### **Production department**

To reduce the re-working in production department, the workshop directors and the headmen must make sure that every worker understands the production orders and knows how to operate correctly. Salesmen who make the production orders must be very careful and ensure that the production orders are 100 % correct.

To solve the difficulties in the production processes of Cool-Baby, suggestions are given. The new workers must be well trained by older workers before they start working in order to avoid mistakes. The correct operation of the workers and the reasonable arrangement of the production processes will improve the working efficiency and achieve the objectives of the production orders. The workshop directors and headmen should improve the workshop management and strengthen the workers' responsibility consciousness to reduce the artificial damage to the products.

### **Sales department**

The most important suggestion to the sales department is to improve the quality of the products. The design of the products can be adjusted and make the cloth easier to be taken off and cleaned by the customers. The workers must check all the parts of the products carefully before packaging. All the parts of the products must be clean and in good condition.

Cool-Baby can use the competition method to motivate the salesmen. Salesman who creates the best sales in the month will be the champion and get extra bonus. Product mix can be used in online selling and promote the customers. Sales manager should help the new salesmen with their customers and improve their working passion.

### **Financial department**

Cool-Baby must reduce the receivables and increase the cash flow to make sure the turnover of the capital doesn't have any difficulties. In order to ensure the accuracy of costs accounting, the workshop directors and headmen should provide the correct cost

information to financial department in time. Accountants should improve their ability of understanding and using the tax law in order to reduce the tax risks of Cool-Baby. Financial department should often keep in touch with other departments and ensure Cool-Baby has enough capital for the other departments.

### **HR department**

Cool-Baby can expand the commission pay system to all departments, the commission pay depends on the employees' performance, the more value the employee creates, the more commission pay the employee will get. It will motivate the employees very much and fewer employees will complain about the salary system in Cool-Baby.

As the welfare system, Cool-Baby should try to take care of every employee. Cool-Baby can arrange the physical examination to all the employees once a year. Cool-Baby can improve the living conditions of the staff dormitory and make the employees have the feeling of living at home. In the national festivals, Cool-Baby can hold some parties to relax the employees and promote the employment relationships.

HR department of Cool-Baby should pay attention to deal with the resource allocation problems, make the best use of the resources and reduce the waste of the resources.

## 7 CONCLUSIONS

This research was aiming at finding out the strengths and weaknesses in the business processes of Anhui Cool-Baby Children Products Co. Ltd. and giving some suggestions to improve the business processes of the case company. The thesis report contained six parts, the main contents of the six parts were described as follows.

### Introduction part

This part contained three sections. The first section presented the research question and the objectives of the thesis. The second section was the introduction of Anhui Cool-Baby Children Products Co. Ltd., including its main products, corporate structure and market situation. The last section was the definition of business processes of the company. Business processes of the company contain management processes, operational processes and supporting processes.

### Management processes

Management processes control the whole company and make sure the company can be operated in order. Management processes include corporate governance and strategic management. Corporate governance contains controlling and leading the whole company, making the rules and all staff should obey them, and so on (MBAlib. Corporate governance 2014). Generally speaking, strategic management contains four key factors: strategic analysis, strategic decision, strategic implementation and strategic evaluation and adjustment (MBAlib. Strategy management 2014).

### Operational processes

Operational processes mean the processes of operating the core business of a corporate and creating the value, including purchasing, manufacturing, marketing and sales. Factors that affect the purchasing process include product quality, purchase price, time of delivery and so on. Purchasing negotiation and inventory management are very important in the purchasing processes. Manufacturing is the production of merchandise for use or sale using labor and machines, tools, chemical and biological processing, or formulation (Wikipedia. Manufacturing 2014). Marketing refers to the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return (Armstrong and Kotler 2013, 33). Sale is a

process which means selling a product or service and get money or other compensation in return. Marketing mix is a marketing tool that a corporate uses to promote its brand or product in the market. The 4Ps is a well-known way of defining the marketing mix and the 4Ps means Product, Price, Place and Promotion. (Armstrong and Kotler 2013, 80-81.) Marketing planning means the methods of applying marketing resources to achieve marketing objectives (Westwood 1947, 7). Customer relationship marketing is the creation and development of interactive, long-term and economically profitable customer relationship, the commitment to which is mutually beneficial (Lahtinen and Isoviiita 1994, 22). There are three forms of sales promotion for manufacturer, they are customer promotion (targeted customers), trade promotion (targeted distributors and retailers), and sales force promotion (targeted members of sales force).

### Supporting processes

Supporting processes like accounting and finance and HRM support the management processes and operational processes of a company. As accounting, basic accounting principles and functions were mentioned in this part. Finance section was made of financial planning, working capital, cash budget and capital budgeting. Human resources management (HRM) is a management process of a company's human resources or workforce. HRM of a company contains human resources planning, job design, recruitment and selection, learning and development, reward and performance management, employment relationship management, etc.

### Research part

This part included the implementation of the research and analysis of the research results. Qualitative research and quantitative research were used as the research methods in the research processes. As the qualitative research, the department managers of Cool-Baby were interviewed via video applications. The online questionnaires were used in quantitative research and sent to the working staff of the case company.

### Suggestions part

The suggestions which were given to Cool-baby contained the general suggestions to the whole company and suggestions that depended on the situations about different departments of Cool-Baby.

## Conclusions

It took the researcher almost two months to finish the thesis report. In the beginning, the researcher had no idea what to do and the process went slowly. Then with the help of the thesis's supervisor and other thesis writers, things became better. The most important thing in researcher's mind about writing thesis report is persistence. The thesis report contained theoretical framework and research work, it was a heavy and complex task for the researcher. The persistence of the researcher made this thesis report completed.

The target of the thesis was Anhui Cool-Baby Children Products Co. Ltd. The strengths and weaknesses in business processes of Cool-baby were found after the research and the suggestions were given to Cool-baby to improve its business processes. The thesis report will be given to the general manager of Cool-Baby later and the researcher hopes the suggestions will be really helpful.

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## **APPENDICES**

### **Appendix 1**

#### **Questionnaire for the working staff of Cool-Baby (In English)**

Hello, my name is Song Lei. I am studying International Business in Savonia University of Applied Sciences in Finland. I am writing my thesis report which is to find out the strengths and weaknesses in the business processes in Anhui Cool-Baby Children Products Co., Ltd. (or Cool-Baby) This questionnaire is one of the research parts of the thesis report.

I will appreciate it very much if you can take your time to answer these questions. This is really important to me. Thank you for your co-operation!

**1. What is your gender?**

Male

Female

**2. What is your age group?**

16-25

26-35

36-45

More than 45

**3. What is your educational background?**

Primary school

Middle school

High school

Professional college

Bachelor

Master

**4. What is your position in Cool-Baby?**

---

**5. How well qualified you are for your position in Cool-Baby?**

Very well

Well  
Ordinary  
Bad  
Very bad

6. How long have you been working in Cool-Baby?

Less than 1 year  
Between 1 and 2 years  
Between 2 and 3 years  
More than 3 years

7. Are you satisfied with your salary?

Very satisfied  
Satisfied  
Dissatisfied  
Very dissatisfied

8. Are you satisfied with the salary system in Cool-Baby?

Very satisfied  
Satisfied  
Dissatisfied  
Very dissatisfied

9. Are you satisfied with the welfare system in Cool-Baby?

Very satisfied  
Satisfied  
Dissatisfied  
Very dissatisfied

10. Do you have any opportunities to learn and develop yourself in Cool-Baby?

Yes \_\_\_\_\_  
No

11. What is the most important thing you expect besides the salary in Cool-Baby?

Improve your working ability  
Comfortable working environment  
Good relationship with workmates  
Working achievability

12. Are you willing to work in Cool-Baby for a long time in the future?

- Yes, still in this position
- Yes, change to another position
- No, I am looking for a new job
- No, but still working here for 1 or 2 years

13. Are you confident with the future of Cool-Baby?

- Very confident
- Confident
- Not confident
- Never thinking about it

14. Is the working atmosphere in your working place positive or negative?

- Positive
- Ordinary
- Negative

15. How comfortable is your working environment?

- Very Comfortable
- Comfortable
- Uncomfortable
- Very uncomfortable

16. Do you think the managers have enough communication with the employees?

- Well enough
- Enough
- Not Enough
- Not enough at all

17. What is your relationship with your workmates like?

- Very good
- Good
- Bad
- Very bad

18. What is the biggest reason that makes you feel stressed

- Lots of work

Difficulties at work  
Limited working time  
Manager's strict requirements  
Other \_\_\_\_\_

19. Have there been any accidents in your work place during the past year?

Yes \_\_\_\_\_  
No

20. What are your suggestions to Cool-Baby?

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## Appendix 2

### Questionnaire for the working staff of Cool-Baby (In Chinese)

您好，我叫宋磊，现在正在芬兰塞文尼亚应用科技大学就读国际商务。我正在写一篇关于安徽酷豆丁儿童用品有限公司（酷豆丁）企业运营过程中优缺点的论文。这份调查问卷是论文的调查部分。

这份调查问卷对我很重要，如果您能花点时间回答一下我的采访问题，我将不胜感激。多谢您的配合！

#### 1. 性别

男

女

#### 2. 年龄段

16-25

26-35

36-45

45 以上

#### 3. 教育背景

小学

初中

高中

职高

本科

研究生

#### 4. 您在酷豆丁的职位是？

---

#### 5. 您对现在职位的胜任程度是？

很胜任

胜任

一般  
不胜任  
很不胜任

6. 您在酷豆丁工作多长时间了？

不足一年  
1 到 2 年  
2 到 3 年  
3 年以上

7. 您对您现在的工资满意么？

很满意  
满意  
不满意  
很不满意

8. 您对酷豆丁的工资机制满意么？

很满意  
满意  
不满意  
很不满意

9. 您对酷豆丁的福利机制满意么？

很满意  
满意  
不满意  
很不满意

10. 您在酷豆丁有学习和提升自己的机会么？

有，是什么? \_\_\_\_\_  
没有

11. 您觉得除了工资，在酷豆丁什么对你来说最重要？

- 提高工作能力
- 舒适的工作环境
- 良好的同事关系
- 工作成就感

12. 您愿意未来在酷豆丁工作很长时间么？

- 愿意，还是现在的职位
- 愿意，换一个职位
- 不愿意，我正在找其他工作
- 不愿意，但是还会再工作一两年

13. 您对酷豆丁的未来充满信心么？

- 很有信心
- 有信心
- 没有信心
- 根本没有信息

14. 您周围的工作氛围是积极的还是消极的？

- 积极
- 一般
- 消极

15. 您工作环境的舒适程度是？

- 很舒适
- 舒适
- 不舒适
- 很不舒适

16. 您觉得经理和员工之间有足够的交流么？

- 很足够
- 足够
- 不够

很不够

17. 您和同事的关系怎么样?

很好

好

不好

很不好

18. 在酷豆丁，最让你感到有压力的原因是什么?

工作量大

工作难度大

工作时间不够

经理的严格要求

其他 \_\_\_\_\_

19. 您工作的地方在过去的一年里发生过安全事故么?

发生过\_\_\_\_\_

没发生过

20. 您对酷豆丁有什么意见和建议 ?

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## Interview questions for the managers of Cool-Baby

Hello, my name is Song Lei. I am studying International Business in Savonia University of Applied Sciences in Finland. I am writing my thesis report which is to find out the strengths and weaknesses in the business processes in Anhui Cool-Baby Children Products Co., Ltd. (Cool-Baby) This interview is one of the research parts of the thesis report.

I will appreciate it very much if you can take your time to answer these questions. This is really important to me. Thank you for your co-operation!

### **Questions for general manager**

1. What is the development strategy of Cool-Baby now?
2. What strengths does Cool-Baby have to make to survive in the competitive market?
3. What opportunities does Cool-Baby have?
4. What challenges does Cool-Baby meet in the business processes?
5. Are there any bottlenecks in the development processes of Cool-Baby?
6. Evaluate the co-operation between the different departments?

### **Questions for purchasing manager**

1. What kind of materials need to be purchased in Cool-baby?
2. What kind of materials are produced by Cool-Baby?
3. Does Cool-Baby have some long-term co-operation relationship with some suppliers?
4. What are the difficulties in the purchasing processes of Cool-Baby? How do you deal with them?
5. What strengths does purchasing department have?
6. Are there any problems in the co-operation with production department?

### **Questions for production manager**

1. What is the organization structure of the workshops?
2. How often is re-working needed in a month?
3. What are the reasons of re-working?
4. What is the condition of the production machines?
5. What strengths does production department have?

6. What are the difficulties in the production processes of Cool-Baby? How do you deal with them?
7. Are there any problems in the co-operation with sales departments?

### **Questions for sales manager**

1. What are the main competitors in domestic and international markets?
2. What are the advantages and disadvantages of your products?
3. What are the customers' opinions about your products?
4. What kind of methods does the company use to motivate the salesmen?
5. What kind of sales promotion does the company use?
6. What are monthly sales of the three sections (International, domestic and online selling) in the department?
7. What are the strengths of the salesmen?
8. What are the weaknesses of the salesman?
9. Are there any problems in the co-operation with production departments?

### **Questions for financial department**

1. What are the main tasks of financial department?
2. What are the most common terms of payment in purchasing processes?
3. What are the most common terms of payment in sales processes?
4. Does your company have any financial tension situation and why?
5. What challenges does financial department meet in the work?
6. What are the strengths of financial department of Cool-Baby?
7. Are there any problems in the co-operation with other departments?

### **Questions for HR manager**

1. How many people in the average are leaving monthly and why?
2. What are the common requirements of the employees in different departments?
3. Does the company have learning and development programs for the employees?
4. What are the rewarding systems in different departments?
5. What is the welfare system in Cool-Baby?