CASE STUDY:
VM COMPANY, LTD.

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INTRODUCTION

VM Company, Limited (VM) is a small business founded by the Mootien family in February 1999. VM manufactures a variety of quality frozen snacks at affordable prices. VM supplies 50,000 units per month to supermarkets in Mauritius. Over the years, the company has established its brand and demand for VM products is strong. VM has six employees, the average length of service is 15 years.

The company sells high quality ready-to-cook frozen snacks such as "samoussas" and "hakiens". Its products are cooked with chicken, fish, meat, or vegetables and are Halal Certified by the Jummah Masjid Halal Council (JMHC). All of its internal procedures are based on HACCP standards. The cold chain for the products is maintained with the cold stores at the production unit and transported in refrigerated vehicles. This is in accordance with the Mauritius Ministry of Health and Wellness Food Act of 1998.

INDUSTRY ANALYSIS

The frozen food market is estimated at a value of $219.9 billion United States Dollars (USD) as of 2018. This market is projected to grow at a Compound Annual Growth Rate (CAGR) of 5.1% reaching $282.5 billion USD by 2023 (Markets and Markets, 2019). The demand for frozen food is considerable both at a national level and international level; many companies in Mauritius are manufacturing frozen food products for export purposes.

The industry analysis (*Exhibit 1*) focuses on the companies producing for the Mauritian market, a population of 1.2 million people. The environmental factors analyzed are demographic trends, socio-cultural considerations, local political and legal factors, technological developments, and national and international trade implications.

EXHIBIT 1: INDUSTRY ANALYSIS

INDUSTRY ANALYSIS

Demographic Trends

- *Working mothers prefer ready-to-cook frozen snacks for the family rather than preparing them on their own*
- *Increasing demand for frozen foods that do not require deep frying*

Socio-Cultural Influence

- *There is an increase in preference for sustainable packaging among consumers*
- *Increase in consumption of ready-to-cook food during social gatherings or family events*

Technological Developments

- *The freezing process can be fully automated should labor become scarce*
- *Modern equipment to manufacture frozen snacks in large volumes is available from international suppliers*

Political & Legal Pressures

- *The Mauritian Government has recently banned single-use plastics and plastic containers*
- *Increase in regulations for food standards by the Ministry of Health*

Macroeconomic Impacts

- *Frozen food manufacturing is a growing industry*

Global Trade Issues

- *Increase in the number of companies exporting frozen food*
- *There is a growing market for frozen snacks on a local and international level*

There is a socio-cultural trend towards ready-to-cook frozen foods. These products provide flexibility to households. At the same time, another preference is for products with less additives (Ajlouni & Gaungoo, 2018). A third preference is for sustainable packaging.

VM products fit to these three preferences. VM can take a greater market share locally and nationally once the export-readiness requirements are met. To scale up, VM must adopt technology developments in the manufacturing of frozen food to increase production capacity.

INDUSTRY STRUCTURE

The Porter's Five Forces Analysis for the Frozen Snacks Industry (*Exhibit 2*) depicts a low barrier to entry and high intensity of rivalry. Despite this, VM is profitable in the local market. VM has established long-term relationships with its suppliers and benefits from discounts on raw materials.

The company has been able to keep production costs low and

sustain product quality. VM has diversified its product range to include frozen foods that can be deep fried or steamed. If VM can increase its production capacity, it can target other customer segments, such as direct sales to customers, businesses, and restaurants.

Exhibit 2: Five Forces Analysis for Frozen Snacks

Value Proposition

VM focuses on price, quality, and variety.

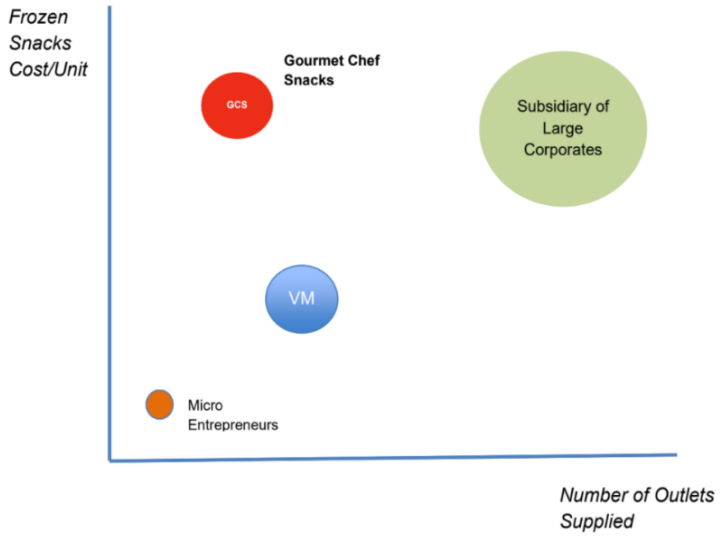
1. Product price: *the team has adopted a cost-based leadership strategy to maintain a competitive price, keeping its cost of production low.*

2. Product quality: *internal procedures are closely supervised to maintain quality to ensure customer satisfaction and retention.*

3. Product variety: *introduction of different varieties of snacks has strengthened the brand's position in the local market.*

The Strategy Map (*Exhibit 3*) shows the position of VM compared to competitors. The Director of VM regularly meets with the manager of the supermarkets to ensure that his products have a prime location in the cold display area. Along with branding on packaging, all opportunities to visually display the brand name are used—mail, email, Facebook, website, and branding on delivery trucks.

EXHIBIT 3: STRATEGY MAP



CAPABILITIES ANALYSIS

The team consists of six employees: a driver, a salesperson, a supervisor, a secretary, and two directors. As illustrated in Exhibit 4, the capabilities analysis, shows the core capability of VM is providing high-quality, ready-to-cook frozen snacks.

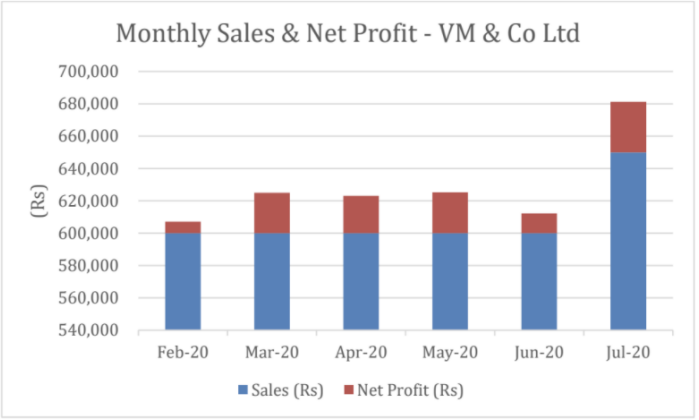
The company has the required people, processes, and systems in

place to be successful. VM also has 20 years of experience in this industry and region. VM has sustained the loyalty in its customer-base. The main product is samosas with more than 10 varieties in the market. The shelf life of the frozen snacks is eight months. The company has very rarely removed expired products from the shelves, as most of the products are sold out within one week of stocking them in the supermarket.

Exhibit 4: Capabilities Analysis—Core Capability for Ready-to-Cook Frozen Snacks

The company has all the legal requirements to operate the business and has been up to date in the payment of licenses. VM will continue to be operated at the same location. All required logistics are managed effectively from the purchase of raw materials, preparation, pre-cooking, freezing, packaging, and distribution. Health and safety measures are aligned to the HACCP quality standards. Exhibit 5 illustrates an average revenue of Mauritian Rupees (Rs) 608,00 and an average net profit of Rs 20,682.

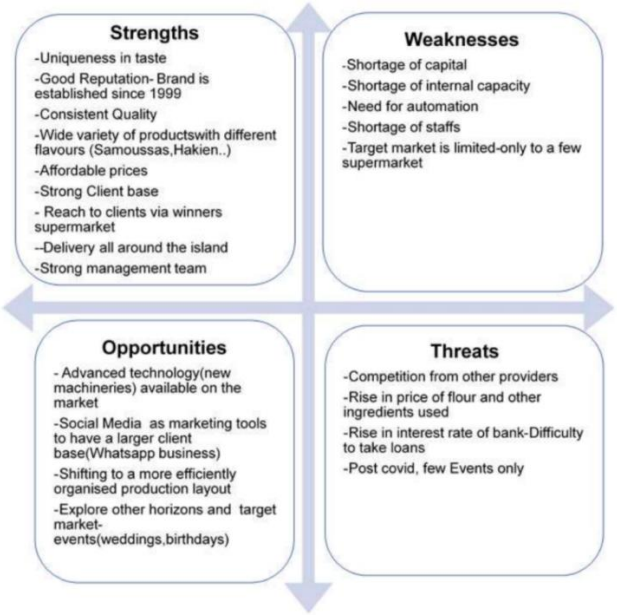
Exhibit 5: Monthly Sales and Net Profit from Feb – Jul 2020



SWOT Analysis

In the Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis, Exhibit 6, it can be concluded the company can strengthen its internal capabilities by adopting technology-to-scale production and expand into new customer segments.

Exhibit 6: SWOT Analysis



Conclusion

Although the Frozen Food market is intensely competitive, VM can invest in the business for future growth and sustainability. With advanced technology in the field of frozen snacks, VM can increase its internal capabilities for large scale sustainable production and develop new revenue streams. VM should continue to diversify its product range. An opportunity is targeting different customer segments to tap into new revenue streams for higher profitability. VM should expand into new customer segments, integrate technology in the production process, and articulate a succession plan for employees.

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With more than 18 years of experience in the field of productivity, Dr. Vimi Goorah is actively involved in the implementation of innovation projects in education, business, and community in both the private and public sector.

She is proficient in strategic planning, balanced score card, lean management techniques including 5S and Gemba Kaizen, project management and design thinking.

She holds a degree of Doctor of Business Administration and a Master's degree in Engineering Project Management. She has implemented productivity improvement projects in more than 200 enterprises.

Dr. Goorah is also the team leader for the National Leadership Engine (NLE) project. NLE has 110 trainers, 140 co-trainers and 900 youth. She has reviewed the Innovation for Education (InnovEd) Sector project to include creative industries and ICT. The InnovEd project was implemented in collaboration with the Ministry of Education and Human Resources, Tertiary Education and Scientific Research. She is actively involved in setting up Innovation Clubs in secondary schools to promote creativity and coding among students.