Company operations

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Do what you can!

- What you might not have:
  - Years of industry experience
  - Accumulated cash of your own
  - A large network of helpful contacts

- So compensate with:
  - An excellent industry analysis
  - Extensive marketing research
  - A company organization that can protect against your weaknesses while being infrastructure for your strengths
Win by not losing

- Bad cash flow kills good ideas
- Without brand loyalty, no amount of marketing can carry bad service
- Company organization will set you apart from competitors
- Organizational plan establishes your corporate culture
- “Management” is *process*
Balance and implications

- Explain decision making procedures
- Explain new technology
- Is your *organization* part of your competitive advantage?
- But don’t dwell on routine details
- And recognize that operations must be reflected in financials
Facilities

- Can you be in an enterprise zone?
- The power of the renegotiated lease
- What is “close enough?” Crate & Barrel in Northern Virginia
- Parking, parking, parking – data from San Francisco
- Who pays for improvements?
- Don’t forget the utilities (incl. T1)
Production plan

- Labor costs
  - Founders - roles and positions
  - Professionals - in-house or out?
  - Employees - fixed, variable, or both?

- Manage capacity
  - Too much now
  - But avoid not enough later

- All you have is quality
Getting it in, and out

- Learn and borrow from your suppliers
- Inventory control through technology
  - Numbers of widgets are one thing
  - Numbers of components are another
  - Computerized tracking from the get-go
- Order fulfillment and product/service distribution
- Checking on the delivered goods
What you don’t want

- So I bought this portable computer
- And I sprang for the “insurance”
- The second-year insurance story
- And then the machine actually broke
- Total down time: 2 MONTHS
- What “on site” doesn’t mean
- Notice how many of you I’m telling!
Internal controls

- Financial controls
- Protection against key losses
- Written decision rules
- Role of the advisory board
- Safeguarding the intellectual property
- Dealing with regulatory agencies