

Brief Business Scenario Assignment



Spring 2001



Brief Business Scenario

- Due at **start** of class, Monday Feb 5.
- Everyone in the class who thinks they might want to be a U/PD or PM must write a BBS.
- BBS is a 2-3 page description of an imaginary (or real!) business and its needs for computer software.
- Will be judged on creativity and communications skill. Humor helps!



Brief Business Scenario

- Should describe:
 - A business, what it does to make money
 - Business operations in it that use or could use software
 - Needs for new software to improve the business.
 - How the business would be improved by using this software.

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Example

Business Overview

Mortimer Snerd distributes North Atlantic fish out of Boston. He buys fish by the boatload from local fishermen and ships them fresh frozen all over the continental U.S. Morty has built his business around shipment of freezer packs through Federal Express. His customers get their orders delivered to their door within 48 hours of ordering, and Morty's fish are guaranteed to be no more than one week "old" when delivered.

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Morty has a good business. Over the past 10 years he has managed to grow it to about \$20 million/year. Orders he fills are very profitable. Part of each order, about \$20, is Morty's cost of the fish, including packaging, \$20 is the cost of shipping, and \$20 on average is for spoilage-fish that gets too old before it is shipped. The remaining \$40 per order gross profit margin covers Morty's "fixed" costs for marketing, salesmen, and administration, leaving Morty about 20% pre-tax profit.


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Needs for New Software

1. Lately Morty's business has begun to suffer from competition. One competitor, Lear Jet Fish, is able to undercut Morty's prices, at least in major cities, by shipping fish on their own jet. When they can fly their own plane full, LJF apparently has shipping costs of about 1/3 of Morty's. Morty has been steadily losing business in the big cities, where loads are big enough to fill LJF's plane. Morty wants to get his own jet to compete with LJF, while continuing to FedEx in the smaller markets. How to split the shipping traffic?

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- 2. Morty also wonders if he can cut the rate of spoilage of fish in his warehouse by better matching the quantities of fish he buys to the number of orders he has for each kind of fish. He could use the savings to undercut the competition, or to increase his profit.

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3. Morty is also concerned he is being left behind in the Internet Revolution. If people are buying CDs and books over the Internet, he thinks it is only a matter of time before someone will sell fresh fish the same way. Morty knows he could double the price he charges for his fish if he could ship small orders direct to retail customers. The Internet seems to provide the means to take small retail orders from all over the country without the overhead cost of countrywide retail outlets.


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Needed Software by Function

Morty wants to solve the above business problems with computer systems to automate the order-taking, purchasing, warehousing, shipping, billing, and airplane scheduling parts of his business.


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Order-taking: Records the fish orders by customer, type and quality of fish, quoted price, shipping address, required delivery date, etc.

Purchasing: Records the fish shipments purchased by MSF by supplier, by type and quantity of fish, purchase price, date fish caught, etc.


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Warehousing: Tracks the fish in Morty's freezer warehouse by quantity, type and date caught. Discards warehouse fish over one week old.

Shipping: Matches orders to fish in the warehouse. Debits warehouse contents based on orders shipped. Marks orders as filled when shipped.

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Traffic Management: Determines the best way to ship each order-by FedEx or by MSF jet. Schedules jet flights to maximize MSF profits (know fixed (lease, pilot, salary) and (variable (jet fuel, maintenance) costs of jet, air distances to cities).

Accounting: Invoices shipped orders, pays all bills, computes the running profit and loss business monthly.

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