

Management of Chocolate Industry

N Sumathi[#], Akshaya E M^{*}, Palaniappan R^{*}, Silpa Suresh^{*}, Sowmya C F^{*}

[#]Department of Aerospace Engineering, Amrita Vishwa Vidyapeetham/ Amrita School of Engineering, Coimbatore, India

^{*}Department of Chemical Engineering and Materials Science, Amrita Vishwa Vidyapeetham/ Amrita School of Engineering, Coimbatore, India

Abstract— Chocolate Industry is currently in for a throttle as people's consumption pattern is changing for the best. People are being increasingly aware of the benefits of healthy eating and chocolate is being established as an effective and a tasty replacement remedy to keep various diseases at bay. This, coupled with the undying craze for chocolate by people of all ages, has set the growth chart of this Industry surging high at a faster pace.

This paper aims at providing a brief approach for the setup and functioning of a Chocolate Industry, which includes the important steps of Management like Planning, Organising, Operations, Staffing, assessing our strengths and weaknesses, marketing strategies and the policies laid out.

Keywords— Management, Chocolate Industry, SWOT Analysis, Operations, Policies

I. INTRODUCTION

Chocolate Bars... The most irresistible and mouth-watering confectionery item entices people of all ages, irrespective of their class or mood. It is not of the modern time, but dates back in history to the Mayan and the Aztec Civilisation, who drank it as a frothy and a spicy beverage almost 2500 years ago. They grew cocoa trees whose seeds were harvested, fermented, roasted and ground to a paste. When the paste was mixed with cornmeal, water, and several other ingredients, it became a delicious beverage. And by the 1800's, more and more people were able to purchase chocolate, because it was more affordable, mass produced, and made into a solid chocolate candy. This, coupled with the recent blooming interest in using chocolates to prevent health ailments has propelled the Chocolate Industry to soaring heights.

The main objective of a chocolate industry is to provide the ardent fans of chocolates with rich and tasty milk chocolates in innovative and exiting varieties along with the inclusion of tantalizing and heavenly flavours.

II. PLANNING

A. Vision

To spread positivity and goodness by enabling people indulge in divine chocolaty experiences at affordable prices.

B. Mission

To emerge as the global leader in the Chocolatier Business, spreading joy and contentment amongst people and constantly

innovating our products according to the changing customer needs.

C. Company description and Ownership

The company's location, headquarters, number of branches, name of the company and brand name must be planned. The chocolate industry can be partnership firm or sole proprietorship. In the case of partnership, there can be different levels of management. The main target audiences include

- Kids
- Youngsters
- Lower Class
- Middle Class
- Upper Class

D. Market Survey

The Indian Chocolate Industry is evaluated at around 35,000 tonnes valued at around Rs.60 billion in 2014. Cadbury is the major player in India accounting for nearly 70% of the sales. Five Star, Dairy Milk, Gems, Celebrations and Perk sell easily in the market. Other Major contributors are Amul and Nestle.

There is a bright future for Chocolate Industry in the Indian Sub-Continent as the Market is growing steadily here. The main market for chocolates is the urban market as the exposure to luxury and standard of living is high. According to a survey, it was found that 80% of people consume sweets and 45% fall between 10-20 age group and 33% fall between 20-30 age group and the important aspects people keep in mind before purchasing are Flavour, Quality, Packing and Taste. And Caramel has made sure that these aspects are given more importance. Hence this environment/premise would be ideal for venturing out for business.

E. Competitor Analysis

TABLE 1
CURRENT COMPETITORS IN THE INDIAN MARKET AND THEIR PRODUCTS

Competing Company	Competing Products
Cadbury	Dairy Milk ,5 Star, Shots, Gems, Silk
Nestle	Bar One, Nutties
Mars	Bounty, Snickers, Galaxy, Mars
Ferrero	Rocher
Parley	Melody, Poppins, Mango-bite

F. Products

In keeping with the changing likes and trends in the markets, and to draw the customers attention, the industry has to devise recipes to create chocolates that can match up to the levels of the current competition.



Fig 1. Chocolate Products

G. Operational detailed Plan

The product is processed by pre-programmed Chocolate Production Line Machines (CAR100) which includes the process of baking the moulds, depositing, forming etc. in series. The shapes of the moulds can be changed accordingly. The capacity of the machine is 200kg/hr. Since the process is fully automated, it eliminates the need for extra labour requirements and hence reduces the working cost.

H. Production Process

Chocolate manufacturing is highly advanced and fully controlled by electronic devices with special machinery parts including moulding machines, pressing and grinding machines like cocoa malinger and cocoa roller etc.

1) *Chocolate Production:* Seeds after screening and selection are cleaned in a seed cleaning machine to remove the extraneous dirt materials. The shells are removed after cracking and the crushed cocoa beans are called nibs.

2) *Roasting:* The nibs are then sent to a rotary dryer where they are roasted for about 45 minutes to 3 hours at temperatures more than 300°C until they start emitting a characteristic flavour.

3) *Grinding:* The nibs are milled to get liquefied cocoa butter which is dark brown in colour, with a pleasant odour and flavour and contains about 64% of cocoa butter. This is called the cocoa mass.

4) *Pressing:* The cocoa mass is squeezed hydraulically to separate the butter from the cake. This butter is used to produce chocolate.

5) *Blending and Refining:* Cocoa mass and butter, flavours, powdered milk are all mixed in mixers to a paste form with a required consistency. Chocolate refiners use a set of rollers to reduce the size and thus produce the flakes. This step determines the smoothness of the chocolate.

6) *Conching:* This process is used develop the flavours. Machines such as conches that are having large paddles are used to sweep back and forth and the flakes spend few days in the conches. This process is aimed at reducing moisture, removing the acidic flavours and coating each piece of chocolate with cocoa butter.

7) *Tempering and Moulding:* The chocolate produced after cinching is then tempered, cooled and moulded and this results in the formation of small crystals and is deposited on different moulds. Properly tempered and moulded chocolate will have a smooth and glossy appearance.

8) *Cooling:* Once moulded, the pieces enter the cooling tunnel where they are solidified by spending a certain amount of time depending on their length and size. They are then sent for packaging and sent to the retailers.

I. Legal Proceedings

- The food process order certificate and other business-related certificates should be approved from respective departments.
- The approval form for DIN (Direct Identification Number) must be sent to the Ministry of Corporate Affairs.
- The TAN (Tax Account Number) has to be collected from Income Tax Department's Assessing Office.

J. Inventory

The raw materials required for the manufacturing are Cocoa, Sugar, Milk, Butter, Vegetable fat or oil, emulsifying and flavouring agents.

The cocoa beans that are used to produce cocoa butter and cocoa mass are grown in our plantations. All other raw materials are brought from vendors at a discounted price.

K. Cost Sheet Analysis

The particulars needed to be considered for cost sheet analysis are raw materials, conveyance on the material, labour, preliminary cost etc. The industry expenditures can be fixed and variable. The fixed charges include the insurance charges, depreciation, rent and maintenance of the plant, whereas the variable charges includes electricity. In addition to these administration cost, factory cost, net profit and total cost must be considered. The cost per unit and the total cost for the above-mentioned units must be analysed.

III. ORGANIZATION STRUCTURE

A. Departmentation

1) *Technical and Production:* This department make use of their technical skills in the manufacturing operations. They also focus on budgetary control of power. Production department ensures that the production and manufacturing plans are appropriate and the products are in the desired quantity and quality.

2) *Finance, Administration and HR:* Finance & Administration office provides facilities regarding operating

various departments that include budgeting, financing, procurement, administration, and information technology related issues. HR department is responsible for the recruitment, selection process, compliance, training of employees, health & safety issues and compensations.

3) *Sales and Marketing:* The sales department’s function is to sell the products to the customers and the marketing department function promotes the product through advertising.

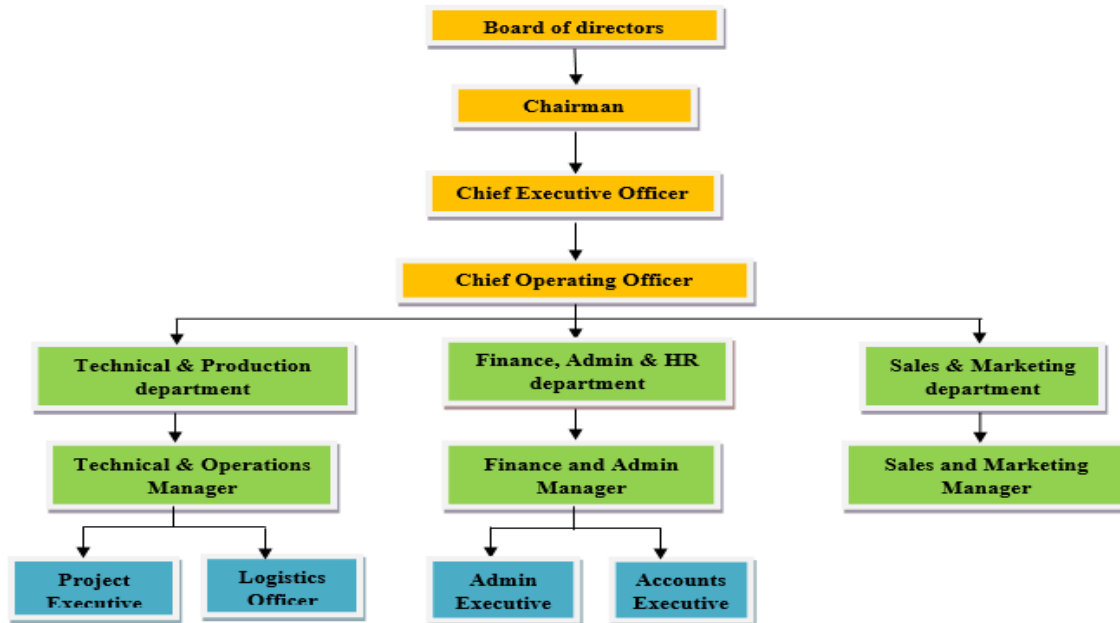


Fig 2. Chart showing our Company’s Organisational Hierarchy

IV. STAFFING

Staffing is a process of filling and keeping filled all the positions in an organization. The main managerial function of staffing involves orienting the organization structure through proper and effective selection procedures, appraisal and development of the personnel to fill in the roles given to the employers/workforce.

A. Steps- in staffing

1) *Labour requirements:* The first process in staffing procedure is to calculate the staffing requirement needed for the organisation unit. It will involve determining the future labour requirements for the organisation.

2) *Recruitment:* Once the requirements are determined, the organisation publishes an open advertisement to the public. Any candidate applicable for that post can apply for that job. Generally, Recruitments are done in two ways:

Internal Recruitment: An Internal recruitment is the one in which selection occurs within the organization. Internal recruitment might lead to increase in motivation level and thereby increasing their productivity.

External Recruitment: External recruitment is the process by which candidates applying for the job are selected based on screening tests conducted by the management of the organisation. The problem is that it requires a lot of time and Money. Organisation approaches the public through various ways like advertisements in newspapers, employment exchanges and agencies, educational institutions, etc.

3) *Selection:* This process involves conducting screening tests and interviews in order to pick out the right candidate for the job. The screening process takes place in the following manner:

Application Forms: The candidates who meet the required eligibility criteria are required to fill the application form given to them. The updated version of Curriculum Vitae of the candidate must be attached with the application form.

Written Tests: Two levels of written tests are conducted during the selection process. The first level of written tests will consist of questions from Quantitative aptitude and verbal skills. The second level of tests involves data interpretation and programming skills.

Technical Interviews: In this step of process, the candidate is assessed by experienced and talented interviewers. Generally, the panel consists of two to three interviewers. The candidate's core competency and interpersonal skills are analysed.

Orientation and Placement: After the screening procedure, the appointed candidates are introduced to the new work environment. The newly appointed candidates are given training in different areas for six to twelve months wherein they get exposed to work environment. Training in our organisation is based on four areas:

- The first level of training is to familiarize the newly appointed candidates about the process involved in the organisation.
- The existing workers are trained again to recollect the concepts so that they will perform better.
- Generally, training to the existing workers is given only when there is an up gradation in the current technology.
- Sometimes, training is given to the employees so that they can move into a higher level where they are exposed to new challenges.

Evaluation based on performance: The performance evaluation is normally done to monitor the activities going on in the organisation. This keeps a record of all the employee's work progress and decline in the organisation.

Promotion and transfer: Promotion is given to the employee who performs well in the organisation and also ready to take up the responsibility.

V. SWOT ANALYSIS

Strengths

- Asset leverage
- Strong management team
- Supply chain
- Reputation management
- Brand name, brand equity
- Brand loyalty
- Promotions

- Placement and distribution

Weakness

- Low R&D
- Rural distribution

Opportunities

- Financial markets (raise money through debt, etc.)
- Online services
- Product and services expansion
- Rural markets
- New Tastes

Threats

- Competition
- Cheaper technology
- Price wars
- Cost and price increase
- Health consciousness on the rise
- Decreasing importance of festivals

Chocolate industry is one of the most demanding and promising industries in all over India and thus its strengths are much better when compared to its threats

A. Strengths of the Chocolate Industry

1) *Famous brands and Products:* It has many strong products such as Bonbon, Chocolicious, Cocoa, Brownie etc. The products are of good quality and are prepared under clear supervision of our highly qualified staff.

2) *Product name and brand integrity:* The products are redeemed with a remarkable brand name and equity. Because of its new marketing technique and strong stigmatizing nature, the brand loyalty is very high. One speciality is that most of its products are very famous and are liked by many people in the world.

3) *Positioning as a remembrance:* The smartest and brilliant technique that it has been using over the past few years with products such as "cocoa" and "fillies" is that these types of chocolates are mainly produced for gifting during celebrations. Because of the smart and efficient business tactics, it will create a unique and trusted position in the marketing world.

4) *Promotions:* With an amazing tag line (Ex. "**Wherever you go I am there!!!**")The industry can be one of the strongest promoters in the Fast-moving consumer goods (FMCG) association. This provides an excellent name for our company.

5) *Connecting India:* It is considered to be one among the few promising brands which connects both with

the Indian rural and urban market. For Indians, family, friends and relationships plays a very important role in their life. And one unique strength of the industry is that it always focuses on emotional marketing to connect with the people around all over India.

6) *Classification:* It has a different distribution strategy which attracts the people across the globe by acting according to their wish. It distributes the products to more than 210 countries wherein the brand comprises of more than 20 different varieties of different chocolates. This would be a great achievement for the chocolate industry.

B. Main weakness of Chocolate Industry

As mentioned previously, Chocolate industry has many strengths and few weaknesses. Its weakness is its rural distribution. As people cannot be connected very easily and also because of illiteracy.

At the same time, there are few complaints that have been reported regarding the quality of our product. There were some cases reported on social media saying that small worms were found in the chocolate which had created a bad impression in the mind-set of our customers. This can never be an excusable reason for a brand like Caramel to show such type of ignorance. Thus, it is very important to strengthen the quality control

C. Opportunities of the Chocolate Industry

- 1) *Rural Marketing trends:* In today's corporate world, a company's weakness can turn into an opportunity for its growth. What is a weakness of a company can become an opportunity. Pervading the rural markets and distributing in rural areas can provide a better opportunity for the industry.
- 2) *Delicious Tastes:* The customers in India always wishes for sweets and they routinely like to eat chocolates. On top of it, there are various flavours and creamy delicious sweets which are attracted by customers. Thus, fresh aroma and taste provides a greater opportunity which the industry can generate regularly.

D. Threats of the Chocolate Industry

- 1) *High Cost and Increase in price:* The fuel and transportation costs have really increased the distribution cost. Even the manufacturing rate is also increasing day by day. So, the constant increase in price is a major threat to our industry
- 2) *Consciousness about health:* Health consciousness is one of the important thing that is bothering the Indian population. Today most people prefer to drink healthy and exotic juices than having unhealthy chocolates and sweets. There are many articles on newspapers and on

social media which tells about the serious health issues caused because of eating chocolates. This also makes people reduce buying chocolates.

- 3) *Reducing celebrations:* As the importance of festivals decrease the demand for chocolate is also decreasing.
- 4) *Rising demand of people:* These days, if you present a chocolate to a child, they will wish for a toy car or a bicycle. Thus a chocolate won't be sufficient for satisfying the demand. This is also a major threat for Caramel.

VI. MARKETING TRENDS

After sectioning the market and positioning itself to the other competitors in market, it needs to come up with different and unique strategies. The 4 P's used are:

- Product
- Product Success and Vision
- Place
- Price

- A. *Promotion:* To reach out to the consumers, communication and advertisement plays an important role. It can be promoted by campaigns with catchy slogans, special promotion offers during festivals like Diwali, Ramzan, Holy, etc. and on special occasions like Valentine's Day.

1) Advertisements



Fig. 3



Fig. 4



Fig. 7



Fig. 5



Fig. 8

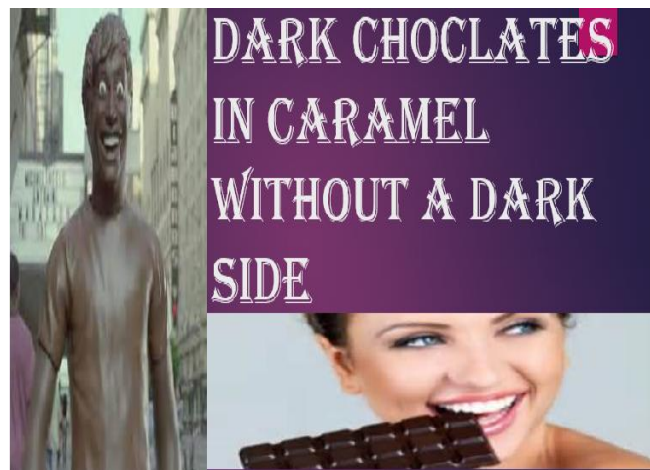


Fig. 6

VII. POLICIES

A. Our Quality Policy

- Understanding the expectations of our consumers and keeping customer satisfaction at the highest level while fulfilling these expectations.
- Using all our resources in the most efficient way and working with an efficient manager and increasing awareness
- Continuously following financial indicators and reaching to high sale volumes while fulfilling our profit-oriented targets,

- Working hard to protect our brand which has been associated with the words of taste, health and reliability and increase its recognition,
- Continuing operations as the leader of the industry through constant innovation in our business field.
- Running projects aimed at protecting the nature to be able to secure the future of natural products.
- To secure the future of our country to continue to fulfil our social responsibilities.
- Preserving our superior quality, which distinguishes our brand from our competitors.
- Acting with the full participation of all our employees in accordance with the abovementioned principles.

B. Environmental Policy

- The Environment and Energy Policy for the chocolate industry which deals in food sector is to continue its activities undertaking the value that the nature gives to the humankind as a duty and being aware of its responsibilities in preserving the environment and the natural resources. For this purpose

We guarantee to;

- Fulfil the current legal regulations in relation to our obligations.
- Increase the energy performance preserving the natural resources and without polluting the environment.
- Ensuring continuity taking decreasing measurements in energy and water saving.
- Making waste decreasing measurements for the environment priority in Products and Processes without ignoring the effects on the environment and energy, ensuring the continuity in appropriate selection of the purchases of products and equipment with high energy efficiency.
- Increase the individual responsibility by organizing trainings for its employees about determined subjects to increase the Environment and Energy awareness and to ensure its sustainability.
- To contribute to related subjects by ensuring our communication active and constant within the chain along Legal Authorities, our Employees, Customers, Subcontractors and Suppliers to find the least common denominator by being in cooperation.

C. OSH Policy

We guarantee to;

- Comply with the legal regulations about Occupational Health and Safety in all our activities.
- Train and all of our employees and raise their awareness to ensure their health and safety.
- Ensure that our Employees, Subcontractors, Suppliers and Visitors comply with ISG rules created.
- Envisage and eliminate the potential occupational accidents and diseases that may occur because of the activities we carry out.
- Control our own risks and ensure that our employees can provide their own thoughts and statements in the ISG Committee meetings which was constituted to increase our performance in relation to this subject.
- Make technological investments for occupational health and safety or ensure the continuity of the investments in production machine, device and equipment purchases by taking Occupational health and safety priority in consideration.
- Ensure the participation of employees and suppliers in all processes and analysis and continuous improvement by taking the opinions of suppliers and visitors.
- Accordingly, we guarantee that we will continue our activities by constant improvement to ensure a safe and healthy working environment in our company.

VIII. CONCLUSION

In our paper, we have discussed about planning, organizing, and staffing and SWOT analysis of Chocolate Industry. Various policies and marketing strategies are clearly mentioned. With the innovation and marketing strategies it will emerge as a Global leader in Chocolate Business. The main aim of the company is spreading happiness and contentment among people.

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