

COMPLEXITY MANAGEMENT IN THE FOOD INDUSTRY

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Abstract

The many stakeholders in the food industry with their diverse interests make this industry complex and interesting to work with. There are four main stakeholders; 1) The customers with their increased demand for customized products, quick delivery times and increased responsiveness, 2) The authorities with increased legislations, 3) Employees with salary demands and 4) Owners/shareholders with profit wishes add to the complexity. Furthermore, markets are getting bigger and the competition harder. The profit margin for many companies is getting smaller. There are a demand for quantifying this complexity and finding a method for using these complexity factors in economic calculations. The research question this paper seeks to address is therefore “Which complexity factors can be quantified in the food industry and how can they be used in economic calculations?”

A case study of a SME Danish bread producer will address the research question due to the explorative nature of this study and the limited amount of previous research within this field.

Keywords: Complexity management, complexity costs, Wasted Time Cost, Wasted Products Cost, Inventory Costs, ABC analysis.

JEL classification codes: L10, L11, L23, L60, L66.