Old Turkey Mash

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December 27, 2015

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**Introduction**

Old Turkey Mash is a type of whiskey that is manufactured by distilling grains and corn, than it is aged for five years in 50 gallon barrels. The Turkey Mash is far too bitter to drink prior to aging. In this case, the aging process is depicted with the issues of leakage during the aging process and how domestic consumers are buying less whiskey as the firm seems to think that the five year aging process may be to blame as it is taking too much time.

**Analysis**

Old Turkey Mash is a brand of whiskey that is manufactured by distilling grains and corn and than aged for five years in 50 gallon barrels. The distilling process takes approximately one week and is done in environmentally controlled warehouses. Prior to the aging process the whiskey is way too biter to be consumed by customers. It costs one hundred dollars per barrel prior to aging that does not include direct and indirect costs of distilling. During the aging process, every barrel of Turkey Mash is inspected and any leaks that are found are fixed immediately. It is every six months that the barrels are turned and checked for the progress of its quality. The costs of direct labor and materials come to the amount of fifty dollars per barrel per year. As the whiskey progresses in the aging process, evaporation and leakages occurs, causing each fifty gallon barrel to produce only forty gallons of whiskey. Each new oak barrel costs the firm seventy-five dollars and are not able to be reused. After the aging is completed the barrels are cut in halves and are sold in the form of flower pots. The money that is obtained from these sales is just enough to cover the disposing of the old and used barrels. Once the aging process is completed after five years the whiskey is bottled and sold.

While the consumption of whiskey is decreasing here in the United States, an international marketing firm has opened new international markets. This organization is in its third of five years in doing whatever it has to do in order to double its rate of production. Due to the fact it takes approximately five years to increase production, the company is adding one hundred thousand gallons of their distilled products per year. Prior to this expansion, the company was producing five hundred thousand distilled gallons per year. After the increase was made the output was eight hundred thousand gallons and is anticipated to increase to nine hundred thousand gallons by next year.

**Solution**

There are a number of solutions that Old Turkey Whiskey could consider using in order to correct some of the issues that are plaguing the company. The organization is currently developing their whiskey in fifty gallon barrels and is processed and aged over the course of five years. The problem is that during the processing the barrels are leaking, leaving approximately forty gallons rather than the intended fifty gallons. A possible solution to this would be to put an appropriate sized container under the core area of where the processing is taking place, so that the majority of the wasted whiskey that is being leaked can be retained. Once the container is full, that amount of whiskey can than be placed in barrels and properly processed and aged. A second solution would be in addition to checking the barrels for leaks, the employees and Old Turkey Whiskey should check all their equipment more often if they are loosing product. Though it may be a bit of an inconveniences to the processing, however, in the long run making sure that everything is working as it should will not only save a lot of time in the future, it will save the organization a significant amount of profit.

With whiskey consumption decreasing significantly there is an international marketing firm that is aggressively opening up new markets internationally. One possible solution to this would be to have Old Turkey Whiskey start their own marketing and advertising at least in a region overseas in order to evaluate how consumers in different countries will react to their product. In the event that Old Turkey gets the desired results they should start discussing possibilities of international expansion and putting processing and distribution plants in those areas. However, in the event that Old Turkey’s marketing was not successful than they should consider developing a partnership with the international firm as that would likely successfully increase their outreach, therefore improving the organizations profits.

**Justification**

When any company makes a decision they are going to incur a cost of some type. This notion is called opportunity cost. By definition opportunity cost is the benefit forgone as a result of choosing one course of action rather than the other. In the case of Old Turkey Whiskey they can either spend some time making sure that the barrels are of good quality and all of their machinery is in working condition, which may entail spending some money to ensure that. Though that solution would cause the company time, in the long run it would only ensure that operations are running well and that profits would remain solid. The other opportunity cost that has presented itself in this case would be the fact that Old Turkey Whiskey could develop a partnership with the international marketing firm, which would save Old Turkey a lot of money in marketing and advertising, enabling them to focus on processing and aging more effectively.

**Summary**

Old Turkey is an organization that develops, processes, and ages their own whiskey. Over the course of time they are noticing that are leaks through their processing, causing them about ten gallons of whiskey per barrel. It is also being noticed that there is an international marketing firm that is aggressively opening new markets as the consumption of whiskey has dropped tremendously. It is suggested that Old Turkey Whiskey do a thorough inspection of their barrels and their machinery in order to ensure the most effective operations possible. With the international marketing firm opening new markets abroad, Old Turkey should look at this as an opportunity to develop a partnership in order to increase their outreach, number of consumers and profits.