

Supplychain relationship

[Life, Relationships](#)



Supply Chain Relationships: Wheatco Ltd and Chemco Ltd Case authors: Marie koulif-Souviron, Alan Harrison and Jaques Colin Introduction: This case is based on two US owned chemical corporations and both industry leader in their chosen activities with equal size. Also it is mentioned in case both have similar organizational cultures and goals. In 1991, results of their partnership they have established two unit plants in UK. They comprise large wheatco plant with 700 employees and small chemco plant with 70 employees. Key Issues: Quality issues relating to additive A1 -Issues in information sharing in operational, tactical, strategic levels -Communication in shop level -high degree of interdependence - Unreliability in upper stream and downstream of chemco Indicative question 1.

Map and (Using diagrams) describe the supply chain management process, indicating physical product flow within the companies. Case study boundary Physical Flow Information Flow Fig1. Supply Chain Map (Physical flow, Information Flow within companies) - Marie koulif-Souviron The supply chain relation involve in this case study are about a chemco facility and two wheatco units namely basic chemical SBU and Specialities SBU. The two units are belonging to two different strategic units. The chemco facilities dedicated to produce chemical additive called ' A1' which is used in production of rubbers. B150 is part of basic chemical unit of wheatco is for sole purpose of supplying Feedstock 1 , feed stock 2 and a gas ' B2' to which are raw material of chemical additive ' A1' to chemco . A1 manufacturing process produces a gas B3 as a by product.

This is recycling to the Wheatco Basic. The one only customer of wheatco basics is chemco, while more than half of A1 produced in chemco are

supplied to wheatco rubber B88 it is specialities SBU specialized in manufacturing rubbers. Rest of chemco customers are in Europe and USA. The Chemco UK plant was built in 1990 in near by Wheatco site and describe as 'across fence neighbour'. The close proximity between both enables Chemco to get feedstock used in its manufacturing operations from Wheatco. And wheatco obtains the chemical additive A1 from Chemco for use in its rubber manufacturing process by pipe lines. The important attribute of this relation referred as 'close supply chain' because both of them are suppliers to and customers of each others.

And both parties are dependent in others. The production process is operated in a cyclic clock basis hence there are little buffer stock in supply chain. They have direct contact with each in order inform any variation. Apart from supplying chemicals and additives wheatco supplies utilities to chemco such as water, compressed air and gas etc. it handles chemco waste product as well. 2. Explain and illustrate the information flow that's should ideally underpin the wheatco – chemco relationship.

Supply chain processes involve the flow of information and materials. The information flow precedes and causes material to flow through the supply chain. Thus, supply chain material flow will, only if follows good information flow. The supply chain management overview diagram (Fig1) depicts the flows of information and material between wheatco basic- chemco – wheatco rubber. They have supply chain management processes and systems to support this model's components. It is important to understand the

distinctions between these components and what position each holds in the supply chain. [pic]Fig 2.

Wheatco - Chemco local relationship structure- Marie koulif-Souviron 2 The fig shows the direction of information flow within organizational members. Among them manufacturing engineer Wheatco basic, operation manager chemco facility are key people. There is intensive relationship between upstream of wheatco basic chemco facility and chemco facility to wheatco rubber. In addition to this informal contact there are some teams formed to for particular objectives. Logical coordination team, technical team and quality improvement team and steering committee are formed to meet on regular basis . Marie koulif-Souviron states in her paper that “ Overall, information appeared to flow openly and freely within the WTC-CH relationship. The flow of information was secured through an agreement of “ confidentiality and non-use”, which was included in the contract and bound both firms and their employees” and he supported his argument from following statements from statement from some seniors.

“ So now we are trying to evolve the relationship so that it is transparent. This is truly what the cost of chemical additive is; this is truly the cost of feedstock. So when we make decisions on extensions or what products to introduce, we have a fair idea of what the true costs are (CH-Corp) If CH feel they are becoming uncompetitive because of WTC pricing, they’re free to express that (and vice versa) That requires us to may be have or use information that neither company has shared to that point as to how much of their assets are depreciated and what capital investments are ongoing to

support that existing asset (WTC-Corp). Strategic information Tactical Information Operational information Fig 3. Information requirement at different levels 1. & 2. MARIE KOULIKOFF-SOUVIRON (2002), Characteristics of Reciprocal Dyadic Supply Relationships and Related People Management Practices: A Cross-Case Comparison of An Inter- and an Intra-Firm Context, PHD thesis , School of management Cranfield university 3.

Compare and contrast the potential failure modes within the wheatco – chemical relationship and provide possible solution to these problems. High degrees of interdependence between three strategic business units are considerably make clashes and bottleneck situation. It causes a frustration and unreliable to both parties. There are some common problem arises. Firstly, the operator’s job is more difficult when the plant is not reliable. Secondly there is a feeling of helpless and incapable proceed advance in the case of the upstream process breakdowns to Wheatco rubber from Chemco and so. , thirdly the insight of the other process are not transparent to others.

Unscheduled long time Shutdowns were a cause of tension because they involved an underlying fear of having to carry the blame for shutting down the whole supply loop, described as “ a worried feeling between the two plants –Wheatco chemical and Chemco- that one was going to keep the other one down” (Chemco operator). Operating the process at times of unreliability was presented as an intense work pressure for the operator. “ Through a 12 hour shift the feed trips then you put them back on then it trips again and it does wear you down if you’re constantly having to start the

plant up again. When the plant trips, then there are a number of things you need to look at (...) and to get the whole thing settled down, it would take quite a few hours.

” (Wheatco engineer) Another key issue is the opacity of the other site’s production processes, and this creates short time demand/schedule in tight coordination. Getting basic understanding of the other plants therefore seems to be an important task as it is key to managing the both way interdependence. Such insight knowledge into the other plant was gained by one of the Wheatco shift managers who used an operator who had worked for Chemco in the past, to grant him on his view he said “ He’s very useful to me because when there are problems I can speak to him and say “ well we’ve got a problem with may be 314 pit, what do you reckon it is? And he’ll go and have a look with me and he’ll say “ well they could be doing something with their water scrubbers or they could have washed this particular vessel up”. So that gives me a bit of inside information if you like. So it helps. ” Some possible solutions are • Job design One problem is in working within this relation ship lack of understanding and unclearness of others party’s role. Wheatco employs large number of people and Chemco has comparatively less.

it is likely to be Wheatco system seems to well arranged and rigid. Chemco is opposite to that. People with same title may entitle to do different tasks and responsibility. In a systematic approached company employees will hesitate to cross their limit and act. This will create delays. Synchronized job design with combining tasks and responsibilities will need to created to solve

this type of problem • Training: When they recruit new people or promote some people to senior level the extended training should be given to understand strategic objective of relationship. This training programme will allow them to get mutual understanding of partnership to avoid confliction in communication.

Understanding of other part operation should be more important to current employee as well . Any changes in one company such new person, changing responsibility to the title should be informed clearly • Communication: Internal communications within all three SBUs are important to attain strategic goals of relationship in multifaceted interaction. That communication take place in several team formed. The steering team formed in 2000 play vital role here. Provide your detail recommendations and conclusions within your report. The seven outcomes expected from well established supplier –customer partnership are 1. Supplier partnership will contribute to improvement in the quality of input out and to the final product.

. It will reduce to total cost of ownership. 3. It will enhance the customer service. 4. It will significantly reduce the risk involvement in the procurement. 5.

It will contribute to technological excellence of the product. 6. It will support to reduce the marketing time of final product. 7. It will support positively to competitive position. From the finding of implication from case study implication following arising were give to two SBUs involve here. SI-

Significant improvement CI-Considerable improvement MI-Modest improvement NI- no improvement NM-not measured Table.

1 SBUs are assessed against performance factors Criteria | Wheatco chemical SBU | Chemco SBU | | Quality improvement | NM | NM | | Total Cost of ownership | SI | SI | | Customer service | CI | CI | | Procurement risk | SI | SI | | Technological improvement | NM | NM | | Reduction in time to market | NM | NM | | Competitive advantage | CI | SI | It is very clear that since both are interdependence and close supply chain one parties impact on particular criteria such as quality or marketing time will impact other side as well. In the development of supply chain strategy, integrated approach in changes in elements is important rather than implementing functional changes. Positive results and progress will only appear if the purpose of each changes will linked together, tuned to strategic goal of organization. Some suggestions are given in order to help to review and reorganize the changes should be taken to improve the performance. Changes in element. Design and implementation training programme. Introducing cross functional teams Setting goal with minimum frustration Reference: 1.

Marie Koulikoff-Souviron (2002), Characteristics of Reciprocal Dyadic Supply Relationships and Related People Management Practices: A Cross-Case Comparison of An Inter- and an Intra-Firm Context, PHD thesis, School of management Cranfield university. 2. Tom Chadwick and Shan Rajagopal (1995) strategic supply management the implementation tool kit , The chartered institute of purchasing and supply 3. Robert Johnson .. , cases in operations management 3rd edition, prentice Hall ----- Wheatco

Area Mgr -Basic chemical Chemco Business mgr Wheatco Basic chemical
Unit 1 Chemco Chemical (A1 additive) Wheatco Specificities Rubber Other
Wheatco corporate dev Other wheatco dev Wheatco rubber man. mgr Raw
material suppliers Raw material suppliers Other chemco corporate dev Other
chemco divisions Other chemco customers