

Supply chain management at bose corporation assignment



Corporation, headquartered in Birmingham, Massachusetts, offers an excellent example of Integrated supply chain management. Bose, a producer of audio premium speakers used in automobiles, high-fidelity systems, and consumer and commercial broadcasting systems, was founded in 1964 by DRP. Bose of MIT. Bose currently maintains plants in Massachusetts and Michigan as well as Canada, Mexico, and Ireland.

Its purchasing organization, while decentralized, has some overlap that requires coordination between sites. It manages this coordination by using conference calls between managers, electronic communication, and Joint problem solving. The company is moving toward single sourcing many of its 800 to 1, 000 parts, which include corrugated paper, particle board and wood, plastic injected molded parts, fasteners, glues, woofers, and fabric. Some product components, such as woofers. Are sourced overseas. For example. T the Hillsdale, Michigan, plant, foreign sourcing accounts for 20% of purchases, with the remainder of suppliers located immediately within the state of Michigan. About 35% of the parts purchased at this site are single sourced, with approximately half of the components arriving with no Incoming performed. In turn, Bose ships finished products delectably Dolce, Honda, and Ionians and has a record of no missed deliveries. Normal lead time to customers is 60 working days, but Bose can expedite shipments in one week and airfreight them if necessary.

The company has developed a detailed supplier performance system that measures on-time delivery, quality performance, technical Improvements, and supplier suggestions. A report is generated twice a month from his system and sent to the supplier providing feedback about supplier

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performance. If there is a three-week trend of poor performance, Bose will usually establish a specific goal for improvement that the supplier must attain. Examples include 10% delivery improvement every month until 100% conformance is achieved, or 5% quality improvement until a 1% defect level is reached over a four-month period.

In one case, a supplier sent a rejected shipment back to Bose without explanation and with no corrective action taken. When no significant improvement occurred, another supplier replaced the delinquent supplier. Bose has few written contracts with suppliers. After six months of deliveries without rejects, Bose encourages suppliers to apply for a certificate of achievement form, signifying that they are qualified suppliers. One of the primary criteria for gaining certification involves how well the supplier responds to corrective action requests.

One of the biggest problems observed is that suppliers often correct problems on individual parts covered by a corrective action form without extending these corrective actions to other part implies and applicable parts. Bose has adopted a unique system of marrying Just-in-time (JIT) purchasing with global sourcing. Approximately half of the dollar value of Bose's total purchases are made overseas, with the majority of the sourcing done in Asia. Because foreign sourcing does not support just-in-time deliveries, Bose " had to 1 OFF of purchasing and logistics for Bose.

Visualizing itself as a customer-driven organization, Bose now uses a sophisticated transportation system-? what Bose's manager of logistics calls " the best EDI system in the country. " Working closely with a cantonal less-

than-truckload carrier for the bulk of its domestic freight movements, including shipments arriving at a U. S. Port from overseas, Bose implemented an electronic data interchange (EDI) system that does much more than simple tracking. The system operates close to real time and allows two-way communication between every one of the freight handler's 230 terminals and Bose.

Information is updated several times daily and is downloaded automatically, enabling Bose to perform shipping analysis and distribution channel modeling to achieve reliable lowest total cost scenarios. The company can also request removal from a terminal of any shipment that it must expedite with an air shipment. This state-of-the-art system provides a snapshot of what is happening on a daily basis and keeps Oboe's managers on top of everyday occurrences and decisions.

Management proactively manages logistics time elements in pursuit of better customer service. The next step is to implement this system with all major suppliers rather than just with transportation suppliers. In the future, Bose plans to automate its entire materials system. Perhaps one of the most unique features of Oboe's procurement and logistics yester is the development of KIT II. The basic premise of KIT II is simple: The person who can do the best job of ordering and managing inventory of a particular item is the supplier himself.

Bose negotiated with each supplier to provide a full-time employee at the Bose plant who was responsible for ordering, shipping, and receiving materials from that plant, as well as managing on-site inventories of the

items. This was done through an EDI connection between Oboe's plant and the supplier's facility. Collocating suppliers and buyers was so successful that Bose is owe implementing it at all plant locations. In fact, many other companies have also begun to implement collocation of suppliers.

Assignment Questions The following assignment questions relate to ideas and concepts presented throughout this text.

Answer some or all of the questions as directed by your instructor. 1. Discuss how the strategy development process might work at a company like Bose. They have a KIT approach incorporated to the facets of the company. This is all strategy based, so a strategy development process would allow them to continue what they are doing. 2. What should be the relationship teens Oboe's supply management strategy and the development of its performance measurement system? A close, data-oriented overlapping, relationship. 3. Why is purchased quality so important to Bose?

Bose is known for its quality in products. This is reflected in price too. It is a part of what makes Bose, Bose. If their product quality diminishes, customers might as well switch to cheaper brands. 4. Can a Just-in-time purchase system operate without total quality from suppliers? It can, but it shouldn't. 5. Why can some components arrive at the Hillsdale, Michigan, plant with no incoming inspection required? The components have a production technique set, Bose has a certificate of achievement program for identifying qualified suppliers. To signifying that they are qualified suppliers. . Bose is moving toward single sourcing many of its purchased part requirements. Discuss why the company might want to do this. Are there any risks to that

approach? A company may do this to have a unquestioned uniformity in <https://assignbuster.com/supply-chain-management-at-bose-corporation-assignment/>

quality. 8. Discuss some of the difficulties a company like Bose might experience when trying to implement Just-in-time purchasing with international suppliers. Because foreign sourcing does not support Just-in-time deliveries, Bose “ had to find a way to blend low inventory with buying from distant sources,” says the director of purchasing and logistics for Bose. . Why does Bose have to source so much of its purchase requirements from offshore suppliers? Bose has offshore customers. Once it’s supplies are finished, it can ship it directly to those customers without having to store them at a more distant facility. 10. What makes the KIT II system at Bose unique? Why would a company pursue this type of system? It reduces the time it takes to accomplish goals, and saves money in various areas – act of warehousing, act of shipping, the labor in warehousing, shipping, etc. 11.

Why is it necessary to enter into a longer-term contractual arrangement when pursuing arrangements like the one Bose has with its domestic transportation carrier? KIT systems need low variability. Longer-term contractual arrangements allow for that, better than short-term, rapidly changing contracts. 12. Why is it important to manage logistics time elements proactively when pursuing higher levels of customer service? The time element of egoistic allows Bose to project itself as a customer-driven organization.

They do this by having a “ system operates close to real time and allows two-way communication between every one of the freight handler’s 230 terminals and Bose. ” 13. What role does information technology play at Bose? Information technology plays the role of proof. 14. What advantages do information technology systems provide to Bose that might not be <https://assignbuster.com/supply-chain-management-at-bose-corporation-assignment/>

available to a company that does not have these systems? Information technology provides ease. If that ease at other companies does not exist, then Bose ay have an internal advantage. 15.

Why has Bose developed its supplier performance measurement system? The company has developed a detailed supplier performance system [to measure] on-time delivery, quality performance, technical improvements, and supplier suggestions” 16. Do you think the performance measurement systems at Bose are computerized or manual? Why? Computers can't do everything, but sometimes a computer can do a certain function more actually than a human, like quantifying data. However, a human can interpret and use that information, and a computer cannot.