Logistics case study#2

Business

How can design for logistic concepts be used to control logistics costs and make the supply chain more efficient ? Design for logistics concepts can be used to control logistics costs by applying the concepts to the supply chain process . The DFL focuses on three concepts , which are : packaging and transportation , parallel and concurrent processing , and standardization .

In terms of controlling logistics costs , the DFL suggests that packaging and transportation can be improved to save on costs .

If products parts are shipped in bulks , instead of transporting the already assembled products , the company will make a lot of savings . Hewlett-Packard can apply this to its operation by transporting the printer ' s parts to minimize space and leave the assembly to the distribution centers . The parallel and concurrent processing can be effective in shortening the manufacturing time of a product . This will also improved forecasting since many product components can be made at the same time .

In terms of components that need to be purchased and the supply is uncertain , the company can buy that part in volume . This way , only that component needs to have a high level of inventory instead of the entire product . This is highly applicable to HP ' s problem of maintaining a low inventory level while meeting customer needs . As for standardization , HP has already a standardized manufacturing process but it needs to break it down by module or by part . HP can also implement a standardized procurement of materials .

. What is delayed differentiation and how can Hewlett-Packard use delayed differentiation to address the problems described in the case ? How can the

advantages of delayed differentiation be quantified ? Delayed Product Differentiation is a manufacturing technique wherein processes and parts are standardized while leaving the decision to what end product would result during the actual assembly of the specific product . This technique is very useful particularly in areas where demand is highly unpredictable .

In HP ‘ s case , the company could start making generic parts that they could use for many products . They could make or purchase volumes of these generic parts every quarter based on last year ‘ s aggregate sales . They could send these generic parts for assembly in the assembly plants in Asia and Europe .

The assembly plants would only need to put the parts together and distribute them to the distribution centers depending on demand . Another way of applying delayed differentiation to HP ‘ s case is to leave the customization and location of the printers to their plants in Europe and Asia .

This would entail building one facility in Asia and one in Europe for this purpose . However , the advantage of this would be long term . Customization and localization take time , but when done in Europe or in Asia , the availability would increase while not increasing the inventory level in Vancouver . The advantages of this process can be quantified by making costs comparison and sales comparison before and after the differentiation process is implemented .