

# Kimberly-clark case study

Business



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Major companies like Kimberly-Clark are moving towards relationships in which the supplier manages inventory levels at the retailer. The reason behind this is that this way, the companies have good grasp of the inventory. This arrangement results in lower product prices at the cash register. It also enables both the supplier and the retailer optimize the existing supply chain, bring down the inventory costs and levels and also helps to maximize the overall profit.

It also reduces the labor required at the retailer as the inventory is managed by the supplier. E. G.

, Kimberly-Clark managed to “ ring \$200 million in costs from its supply chain using this technique. Several factors determine when should Kimberly-Clark handle its logistics needs in-house, and when should external source be used. Some of the factors are outlined below: Know your own costs: First thing to consider when selecting an external provider is to know your own costs so they can be compared with the cost of the external provider.

Customer orientation of the logistics provider: The value the relationship is directly related to the ability of the provider to understand the needs of the hiring firm and to adapt its services to the special requirements of that firm. Specialization of the provider: Companies should consider firms whose roots lie in the particular area of logistics that is most relevant to the logistics requirements in question. Asset-owning versus non-asset-owning provider: Asset-owning companies are significant in size and have a large customer base.

There companies tend to favor their own divisions in awarding work. Non-asset-owning companies may be more flexible and able to tailor services and have the freedom to mix and match providers. Other types of business partnerships that Kimberly-Clark can use to improve supply chain performance are: Quick response: In this strategy, suppliers receive POS data from retailers and use it to synchronize their production and inventory activities Ninth actual sales. The retailer prepares individual orders.

Continuous replenishment:

In this strategy, the vendors receive POS data and use it to prepare shipments at previously agreed-upon intervals to maintain specific levels of inventory. Kimberly-Clark can use the pressure to its advantage.

It can try out new supply chain management techniques. It can try to optimize its supply chain by using different factors that determine what kind of logistics service to be used. It can also Implement different kinds of business partnerships on different level to optimize the overall supply chain.