

The case study about supply chain management

[Business](#), [Management](#)



TABLES OF CONTENT EXECUTIVE

SUMMARY.....	5
INTRODUCTION.....	6
THEORIES PERTAINING TO ANALYSIS.....	7-8
CASE STUDY ANSWERS.....	8-12
CASE STUDY 1.....	8-10
CASE STUDY 2.....	10-12
CONCLUSIONS.....	12
REFERENCES.....	13
APPENDIX.....	13-14

EXECUTIVE SUMMARY (CASE STUDY 1) The case study about the Flat Panel Television and the global economy tells us about how efficiently we have to move in fast moving economies and the globalization has emerged as the driving force in the dynamic economy. In the case study we see that how efficiently VIZIO has utilized globalization as a tool to outsource its components of production to create and stand out in the competitive market of the Flat panel Television in front of the many big consumer electric goods firms. (CASE STUDY 2) This case study is about the Li & Fung company which started traditionally as a trading company and with the advent of globalization and the latest technological advancements it has developed itself into a supply chain management firm, which even without manufacturing a product adds a value in a globally integrated market for its customers by cutting down the cost of production and lowering the pricing of the finished goods by efficiently tying each knots of its supply chain management. INTRODUCTION (CASE STUDY 1) Flat Panel Television was a

US\$ 26.4 billion markets in 2006. There were projections that the sales would hit to US\$ 37 billion by 2008, Then there was a drastic change in the price of a 40 inch Flat Panel Television From US\$ 3000 to US\$ 1600, which enabled the Flat Panel Television within the reach of many consumers. The case study is about Flat Panel Television, and its effect on the Global Economy. In this case we lay emphasis on one of the fastest growing market in U. S . i. e. Flat Panel Television, this was the opportunity which was grabbed by Vizio. It started working on the niche in the market and rose from nothing to US\$ 700 million in 2006 and forecasted sales of US\$ 2 billion in 2007. We analyze the factors that have led to such a increase in the sales volume and competitive pricing of the Flat Panel Television. (CASE STUDY 2)

The case study is about one of the largest multinational trading companies Li & Fung in the developing world, from being a traditional trading company it has developed itself into an expert in supply chain management. It specializes itself in providing customized solutions based on the customer's needs, with designing and developing, raw material and factory sourcing, production planning and management, quality management and export documentation to shipping consolidation, thus by efficient use of information system it coordinates the foresaid specialties and minimizes the time between the receiving an order and the delivery and in turn minimizes the overall costs of the production. Theories Pertaining to Analysis

GLOBALIZATION Globalization refers to the shifting more united and interdependent world economy into one humongous market (Hill 2011). As the word Globalization goes it can be broken into two words viz. Global and Liasoning, Global refers to the globe and Liasoning refers to communicating

between two or more, so the word Globalisation becomes communicating across the globe. Aina (2007) states that “ Globalization aims at bringing the world closer like a global village”. **INTERNATIONAL TRADE AND INVESMENT**

With the end of World War II in the middle of 20th century, a number of global institutions were formed to remove the barriers of international Trade, General Agreement on Tariffs and Trade (GATT) was formed in 1947, it was succeeded by World Trade Organisation (WTO) in 1995. International Monetary Fund (IMF) and World Bank to promote economic development across the world. These global institutions were detrimental in getting the foreign direct investments by the many of the bigger western companies to turn them into global giants; the same product manufactured at cheap location by the firms for their domestic market became the products to be used in the local market where the manufacturing unit was established.

LATEST TECHNOLOGICAL ADVANCEMENTS The break trough in the technological advancement was the explosive emergence of the World Wide Web, the advent of microprocessors lead to high power and low cost computing. The invention of internet acted as the further fuel on fire by which every piece of information could be transferred in just a click, the world was just away by a click of the mouse, there was also advancement in the transportation technology by the invention of jet aircrafts effectively leading to the shrinking of the globe. (Levitt 1983) points out “ The powerful force driving the world towards a converging commonality is Technology”.

CASE DISCUSSION ANSWERS (CASE STUDY 1) 1. The reason for the migration of manufacturing of flat panel television across different location around the world is because of the outsourcing of the components of the flat panel

television. to different parts of the world so as to clear the inventory as fast as possible, which leads to competitive pricing of the finished goods and the company producing flat panel television just have to assemble the parts near to their potential market rather than worrying about the manufacturing of different components used in the flat panel television or the research or development of the latest technological advancement coming in the world day to day. 2. The beneficiary of the globalization of the flat panel television is the consumers and the medium enterprise company which work on the niche in the market, as they outsource most of their work across the globe rather than worrying to develop the components in house and in turn they provide their products at a cheaper rate with the same quality components to the consumers but at a cheaper price which in turn increase the market for the product and they thus change the rules of the game. The clear losers are the bigger firms who manufacture all of their components in house and have large employee base at a high cost location to serve the market, and in this fast changing world where the technologies are changing instantaneously it becomes hard for them to adapt to the prevailing scenario and they in turn end up losing business and incurring great amount of losses on their part. 3. If the U. S. government requires that the flat panel television sold in the United States has to be manufactured in the United States, this would lead to chaos among the consumers who are now use to buying a cheap product of good quality with same technologies and if it gets manufactured in U. S. it would lead to increase in price of the product on the other hand the U. S firms which are manufacturing their products at different location and selling it to different region of the world will also be affected by

this policy as the other countries will also demand the same policy with the U. S. firms and the word globalization will disappear and will end up in a cross border trade in the coming future. On balance it would be a sigh of relief for the bigger firms who have manufacturing units at a high cost locations in U. S. But if we consider overall it would be bad for the consumers as well as future of the world economy. 4. The example of VIZIO tells us that the future of production in an increasingly integrated global economy has become a place of cooperation and coordination which relates that how properly you optimize the resources to gain the competitive advantages in the highly competitive market where every day you can be undone by a latest technological advancements and how properly you cut down the cost of production by turning over your inventory faster than your competitors by the proper management of your global logistics. The strategies to be employed by the enterprises in this highly competitive global market is to eye on the cost reduction in the production and use outsourcing not as a tool but as a weapon to have competitive advantage from the competitors and use the supply chain management efficiently to be on the upper hand. (CASE STUDY 2) 1. The benefits that the customers of Li & Fung have while working with the company is its expertise in the supply chain management and on top of it Li & Fung is divided into small customer focused divisions, it has a 7, 500 suppliers located around in 40 countries across the globe, which helps them in coordinating with the best players in the trade. The companies like Limited outsource the coordination of manufacturing to Li & Fung because they want the proper optimization of the resources and cut down their cost of production, have a better quality product manufactured at a cheaper rate

and have the products made to their specification and reach to them at before the start of the season, which refers to the Just in Time (JIT) inventory so as economize the holding of the inventory (Hill 2011) and the other aspect is that if the Limited company works with the local suppliers it has to work on their bargaining power, so it's better for them to globally integrate their work. 2. Li & Fung role in the fast moving integrated market is to get the best quality raw materials from the best supplier who specializes in a specific part in the process of production as it has emerged as the leader in dispersed manufacturing, the most important part is that the supply chain management coordination of the Li & Fung is its implementation in the developing countries of the world which in turn leads to better quality product but at a cheaper rate The company creates value by using the latest technological advancements and its better off in the logistics management and its customer focused division which customizes itself to the requirement by the customer. 3. The driving factor in determining the channels of production viz. raw materials and production units is the political stability and economic policies of the country where the outsourcing firm i. e. one of the knot of the supply chain management is located. The political stability refers to the how stable and business oriented the ruling government is whereas the economic policies refers to import export law prevailing in the country, the duty and the taxes levied by the country, and how stable the economy of the country will be in the coming future, which refers to foreign exchange rates, above all they look for the firm which specializes in providing the better quality raw material which is the most detrimental factor and finally for finishing the product manufacturing they move to the place

where the labor is cheap and specialist in manufacturing the best quality products to meet the specified requirement of the client at a cheaper rate and thus creating value to their customers. 4. The competitive advantage that Li & Fung has in the fast moving global economy is its coordination with 7, 500 independent suppliers located in over 40 countries and its presence in every part of the world. Secondly it utilizes the supply chain management with proper optimization of resources, it has very good logistics management which go hand in hand with the production which ensures that the time between placing the order and delivery is minimized to a larger extent and thus the overall cost of production. Third and foremost thing is its numerous small divisions which expertise itself in meeting the customer's need.

CONCLUSION (CASE STUDY 1) The case study of flat Panel Television and the global economy tells us that how the globalization of the market has led to the decrease in price of flat panel television and with the technological advancements happening every day, how important it is to understand that we have to outsource a major part of our production and just keep final step of production with us to survive in the highly competitive market. In the case study we analyze the market position of VIZIO an electronic consumer good company of U. S. and how properly it has utilized the tool of off shoring to have a competitive pricing of the flat panel television which leads to its growth from nothing to US\$ 700 million in 2006 and it forecasted sales of US\$ 2 Billion in 2007. Thus it tells us the importance of outsourcing in gaining advantage in the shrinking world. **(CASE STUDY 2)** The case study about the Li & Fung tells us that how a company can create value without even producing the product and just by the proper usage of supply chain

management it helps in cutting down the cost of production by properly integrating itself to the customers need by having a specialized team for every aspect of production from designing to merchandising to procurement of raw materials, to the finished good and quality management of the goods and finally using its highly efficient logistic management to deliver the product on time to their customers with their specified needs. REFERENCES

Aina, LO 2007, 'Globalisation and Small-Scale Farming in Africa: What role for Information Centres?', IFLA Conference Proceedings, pp. 1-6. Hill, CWL 2011, Global business today, 7th edn, McGraw-Hill/Irwin Levitt. T, " The

Globalisation of Markets", Harward Business review, May -June 1983, pp. 92-

102 APPENDIX CASE STUDY 1 QUESTIONS 1. Why is the manufacturing of flat

panel TVs migrating to different location around the world? 2. Who benefits

from the globalization of the flat panel display industry? Who are the losers?

3. What would happen if the U. S. government required that the flat- panel displays sold in the United States had to also be made in United States? On

balance would this be a good thing or a bad thing? 4. What does the

example of Vizio tell you about the future of production in an increasingly

integrated global economy? What does it tell you about the strategies that

enterprises must adopt to thrive in highly competitive global markets? CASE

STUDY 2 QUESTIONS 1. What are the benefits to Li & Fung customers of

working with the company? Why do companies like the Limited outsource

the coordination of manufacturing to Lib & Fung, rather than do it

themselves? 2. Li & Fung does no manufacturing itself. What then is its role?

How does the company Create value? 3. What do you think drives the

choices Li & Fung makes about who should produce what for its clients? 4.

What is the source of Li & Fung's competitive advantage in the global economy?