

Case study on mattel case

[Law](#), [Security](#)



Ans 1:

Mattel recalled nearly twenty million toys in a span of eighteen months and the loss incurred in recalling these toys ran into millions. All these toys were manufactured by Chinese suppliers who did not follow the norms required by the Consumer Product Safety Commission (CPSC). Nearly 2 million of the recalled toys were sprayed with high-lead content paint, or contained small magnets that could be easily swallowed by the children. These problems happened in Mattel as the Chinese suppliers did not perform the quality testing and Mattel's auditing also failed to find these defective toys.

Mattel's Asian toy supplier, Early Light, a Hong-Kong based industry had a few Chinese subcontractors who used less costly, high lead-content paint from unapproved suppliers. The surface of the paint was also violated against the required 10, 000 ppm lead as the vendors and subcontractors had not followed the quality procedures laid by Mattel Inc. Most of the toy manufacturing process of Mattel was outsourced to China because of the cheap labor and the Chinese workers would earn about \$0. 57 per hour. The foreign firms that operated in China had a mutual understanding with the suppliers as they tried to safeguard their guarantees. Mattel could have avoided the problem of toy quality and safety by not using chinese suppliers. Though China had laws to ban paints with high lead content, it was not implement strictly across the toy manufacturing industries.

Ans 2:

The responses for Mattel towards the toys recall was appropriate as the then CEO Robert Eckert broadcasted a video presentation of an apology to the

parents, that could be accessed on the company website as well as on Yahoo website. He promised to increase the testing frequency of the paints used for the toys, and a thorough batch testing of the products provided to every supplier. As a response to the recalls Mattel also decreased the shipments that originated from the Asian suppliers and conducted testing and reviewed them for safety. The final products were not released to market until the regulatory authorities completed the safety measures.

It was also understood that the recalls were a result of the faulty toy designs that had loose magnets in them and these were designed by the Mattel inhouse designers, and China was spared temporarily for the manufacturing process. With this recall Mattel made major changes in the manufacturing process such as replacing the adhesives with better quality adhesives, used injection molding to put the magnets in a nutshell. Mattel also implemented policies in which the direct suppliers were required to test incoming materials, and toys supplied by sub contractors.

Ans 3:

The business relationship between Mattel and Early Light has a history of 15 years in trading. Working together for many years builds a trust, creates a win-win situation and value in the buyer and the supplier trading relationship. Supply chain management emphasizes on creating a value enhanced long term buyer supplier relationship and this need has been fulfilled by the Mattel and Early Light relationships. Both these companies must not continue to do business together as Mattel and Early Light had a good relationship based on trust, and Early Light broke the trust by not performing the required tests. A good business relationship can be achieved

only through collaboration as it creates an advantage at a certain level. Mattel must initiate the traceability capabilities in supply chain management to get to the root cause of any problem and determine a solution. Mattel outsources the work because of low cost labor and reduce organizational costs.

Ans 4:

International Center for Corporate Accountability (ICCA) conducted audits on the chinese manufacturers to assure that the third-party suppliers comply with Mattel's Global Manufacturing Principles (GMP). Completion of the compliance reports before the field audits was a prerequisite. The audits performed by ICCA included face-to-face interviews with the employees, waste management procedures, health concerns and safety issues of employees, the plant policies and practices to safeguard the environment were also tracked. The living conditions, workplace safety, forced labor, emergency planning in times of natural disasters, fires and spills, and discrimination among employees in terms of hiring, promotion, and employee rights were all included in the audits conducted by ICCA.

Another Global Manufacturing Principle that could be added in Mattel's GMP is the Quality Management System to ensure that the raw material received, and the final product delivered by the supplier meets the quality standards required by Mattel.

Ans 5:

The product and service complication has been increasing in the current years that is making it more difficult for the buyer-supplier in the supply

chain. Mattel has had a long term relationship with China since decades and most of its production is done in China. The network positioning of the toy manufacturer plays an important role in supply chain. A few supply chain risks for Mattel when dealing with China are, Operation risks, as China is more prone to natural disasters and calamities, and employee unions and strike, Legal and regulatory risk, in which any changes made in regulation and government policies in China would directly impact the functioning of Mattel, Supply risk, in which there is a tendency that the supplier may go bankrupt.

A few ways by which Mattel can mitigate the risks are by enforcing stringent quality measures, accessing the risk management strategy thoroughly, having precise control on the vendors and sub contractors, and by having good visibility of the supply chain process.