

Sport obermeyer case essay



**ASSIGN
BUSTER**

Obermeyer has grown into the business of designing and selling winter wears not without any challenges. For this case, the main issue can be summed up in managing a global supply chain of short life cycle products with a high demand uncertainty. We can breakdown the main issues into: geographic challenges, information's timing and flow and creating a responsive supply chain to able to balance inventory and demand uncertainty. First is the information timing and flow, 80% of the initial retailers order was Taken at the Las Vegas show.

This numbers are critical because this will drive the selling and left over inventory for Obermeyer. This is driven by the fact that they are selling short life cycles products with very uncertain demands. Second is the geographic challenges, Obermeyer has business partner, Raymond Tse who oversee production in the Far East. The Hongkong facility has already been established to be a reliable supplier in terms of quality and delivery timing. The new facility is in Guandong, although it is bigger in capacity and cheaper. Its' worker skill level ad productivity levels is still not stable.

Although given that Obermeyer sourced from china and this is giving the company competitive edge in terms of pricing and profitability based on the based cost. It is still limited since the US government has a ruling on how much on company can import from China. Obermeyer has to optimize supply allocation from Hongkong, China and US manufactured garment. Having a global supply chain network has its pro's and con's. Obermeyer has facilities in the Far East enabling him to have lower production cost but at the same time it requires a long lead time and having a long distance.

Figure A. Cumulative lead time from design to selling It turns out the total cumulative lead-time from design to selling is 27 months and the initial 13 months Obermeyer is more speculating what would sell in the next selling season. And once the numbers come in from Las Vegas they will now have 6 months to make, deliver and sell. The risk is that for the last 5 months they are using a speculative forecast in production, they could have accumulated stocks that will be sold on sales and eat up the profitability on the actual products ordered, produced and sold.

Environmental & Root Causes Analysis In this global supply chain, Sport Obermeyer is managing the demand side of the business. They are geographically located in the US. The demand side of the business covers activities like monitoring of demand trends, designing, distributing and selling the garments. Supporting them from the Far East is Obersport. They manage operations in Hong Kong and China. They receive the information from Sport Obermeyer and procure the fabrics and components and manage both subcontractors and Obersport facilities to meet the numbers given by Sport Obermeyer.

This would be the supply side of the business. Obersport and Sport Obermeyer although in a business partnership is still a separate company with different company vision, different working culture, different set of working knowledge and different outlook in their business. On Sport Obermeyer demand management is too depended on the Las Vegas Show, while Obersport is already producing items that in some cases far from what the Las Vegas show. The fabric and key component ingredient has long times and high minimum order as shown in case exhibit 6.

The SKU's that Obersport is closing to 800 the 93/94 selling year as shown in exhibit 3. Exhibit 3 is also showing close 15 number of styles. Although the average color per style is steadying at 4 for the last 5 years but the average number of sizes has increase to 8. US has its' own law to protect local economy. It limits importation of products made in China. This is another factor that should be considered when optimizing allocation of production volume from China and North America.