

Barilla spa's just in time distribution



Name: Instructor: Course: Date: Barilla Spa's Just In Time Distribution

Question 1 A The Just in Time distribution strategy in Barilla was introduced to serve many purposes. The first and most important function of the JITD program was to avoid inventory backlog caused by a higher production. Barilla's distributors were not performing their duties as required.

The demand for pasta was dangerously fluctuating and the company had to contend with the resultant losses. The inability of the company to forecast demand fluctuations and the refusal of the distributors and retails to release critical information that would aid in making predictions of demand requirements compelled the company to adopt the strategy. The production and logistics departments were facing major difficulties due to the massive strains caused by the frequent adjustments that had to be made due to unprecedented changes in customer orders. The JITD program was intended to solve these problems by enabling the company to avoid surplus production. The JITD strategy has several significant benefits to Barilla. First, JITD will ensure a reduction in inventory levels.

The amount of inventory held by distributors will be reduced since the new strategy will ensure quantities delivered are enough for end-user requirements. The system therefore will eradicate surplus inventory in the distributors' stores. The JITD strategy will enable the company to respond to customer demands faster. Lower inventory levels mean more flexibility for the company's distributors. Furthermore, the restructuring of its production schedule to meet everyday retail needs will prevent unnecessary backlogs. The JTID program will also assist the company to reduce the unnecessary costs incurred while attending to unprecedented orders and surplus

production. The JITD system ensures cost-efficiency in terms of utilization of production equipment because it eliminates cases of interruption due to new orders. The distribution strategy based on demand predictions eliminates the unnecessary cost incurred by excess inventory.

The adjustment and distribution costs in these cases are eliminated by the introduction of the JITD strategy. Question 1 C As one of Barilla's customers, my first response would be to act on the defensive. I would take the company's request for personal distribution data as an intrusion to my privacy. I would be adamant to reveal such data to the company considering I had no obligation to disclose such information.

As a customer, I would be skeptical of Barilla's intentions. I would be concerned about how the information I disclose will be used. My main concern would be the misuse of the information I provide. Secondly, their request will create an impression of confusion and lack of control in the company. The decision to base supply on my retail data might cause a lot of misunderstanding considering the fact that sales figures are subject to many fluctuations.

This might also lead to discriminatory treatment on the retailers in terms of the inventory supply. It would also create a sense of distrust since it would imply that I am not capable to manage my own supplies or that they have a better way of managing the duties for me. Barilla's decision would also increase the obligations I have toward the company.

The burden of having to keep records of inventory use and supply them to the company will be an additional unnecessary task. This will lead to a lot of

misunderstanding since the relationship will move away from the traditional supplier-retailer relationship to a complex association with additional burdens on the retailer. This will create further misunderstanding considering there is no compensation for the additional responsibilities. I would require Barilla to pay for the responsibility of providing the information and the extra work involved. Question 1 E There are several significant differences between Barilla's and Toyota's JIT strategy.

Barilla's Just In Time Distribution strategy is based on details derived from the customer's inventory records. JITD requests customer inventory information and proceeds to make production decisions based on these figures. The customer therefore receives a supply of inventory equivalent to the predictions made by the company.

Toyota's JIT production on the other hand makes supply decisions based on the demand at that particular time. For instance, the supply of automobiles and parts by Toyota is done on an order basis. The entire production process will therefore be focused on the particular orders received from the customers. Goods are produced according to the orders made by the customer. This is different from Barilla's production process since no information is sought from the customer as is done by Barilla and supply decisions are entirely dependent on the number of orders received. The Kanban concept as applied by Toyota ensures that there are no excesses in the manufacturing process.

Preceding processes can only transfer their finished products to the next process to avoid inventory backlog. The JITD process on the other hand does

not focus on the individual processes of production but rather ensures that the entire production process is geared toward producing a certain level of goods. There are therefore no arrangements to monitor individual processes since the goods introduced in the first process represent the exact forecasted amount that customers are likely to demand during the particular period.